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Japan

Kantor's Proposal on Further Auto Talks Viewed

OW0206153595 Tokyo KYODO in English
1522 GMT 2 Jun 95

[FBIS Transcribed Text] Washington, June 2 KYODO — U.S. Trade Representative Mickey Kantor said Friday [2 June] he has proposed auto trade talks with Japan on June 12-13 in Geneva and on June 20-21 in Washington.

Japan's International Trade and Industry Minister Ryutaro Hashimoto "indicated a willingness to accept this proposal" in a meeting earlier in Tokyo with U.S. Ambassador to Japan Walter Mondale, Kantor said in a statement.

Kantor also raised another source of possible dispute with Japan by stressing the need for "comprehensive discussions" to resolve the impasse and by demanding that the venue for the second talks be Washington.

The top U.S. negotiator issued the statement along with a letter dated June 2 in response to a renewed demand by the Japanese trade minister for early talks in Geneva under the auspices of the World Trade Organization (WTO).

Japan filed a complaint on May 17 with the new multilateral trade watchdog headquartered in Geneva against proposed U.S. sanctions worth 5.9 billion dollars with 100 percent tariffs on 13 Japanese luxury cars.

Against Japan's insistence for quick bilateral talks under the WTO as an "emergency" case, Kantor replied last Friday with a proposal to hold talks on June 20-21 in Washington to prevent the auto dispute from disturbing the June 15-17 Group of Seven summit in Halifax, Canada.

But the Japanese trade minister asked Kantor to reconsider his proposals, insisting that the U.S. must fulfill the WTO obligations to start bilateral talks within 30 days from the day Tokyo lodged the complaint and also demanding that talks be held in Geneva.

In the renewed letter, Kantor said, "With respect to the date and venue for our meetings, the United States recognizes the terms of the WTO agreement mandate that consultations take place within 30 days of your request and that you have a right to insist on talks within that time frame."

Against this backdrop, Kantor said, "We are prepared to hold an initial set of talks at appropriate level in Geneva on June 12-13 on the automotive issues raised by our governments."

"The second set of meetings should be conducted, preferably in Washington, on June 20-21 as we previously suggested," he added.

But he noted, "comprehensive discussions are essential if we are to resolve the outstanding issues between us."

Kantor continued to reject Japan's request for using the WTO provision governing urgent cases, which he said will not promote the U.S. objective of resolving the dispute on all auto issues and "is simply not appropriate."

Under the "urgent" case scenario, the two disputing parties must wrap up their bilateral consultations within 20 days and seek a multilateral verdict from a WTO dispute settlement panel, while they are allowed 60 days in regular cases.

Kantor defended the proposed U.S. sanctions, reiterating that "Every country retains the right to utilize its own domestic trade laws to address acts, policies or practices which are outside the gambit of the WTO agreements."

He also blasted Japan's insistence that ministers of the Organization for Economic Cooperation and Development (OECD) had slammed U.S. unilateral actions in a meeting held in May in Paris.

"There is, in fact, nothing in the (OECD) Communique regarding unilateralism," Kantor said, while stressing that the Communique said the ministers "reaffirm their commitment to... [ellipses as received] remove impediments to the openness of national markets to global competition."

Official Denies U.S. 'Assertion' on Auto Talks

OW0206152495 Tokyo KYODO in English
1514 GMT 2 Jun 95

[FBIS Transcribed Text] Tokyo, June 2 KYODO — A top Japanese trade official denied late Friday [2 June] a U.S. assertion that Japan has basically accepted follow-up auto talks June 20-21 in Washington.

"That's absolutely apart from the truth," the official of the Ministry of International Trade and Industry (MITI) said of a statement by U.S. Trade Representative Mickey Kantor that MITI minister Ryutaro Hashimoto had "indicated a willingness" to accept the follow-up talks.

Ambassador Walter Mondale and Hashimoto earlier Friday accepted Kantor's proposal for talks June 12 or June 13 in Geneva, both sides said, but participants from both sides said the proposal for follow-up talks would be decided at the end of the first talks.

Mondale told reporters the first talks would likely be June 12 and expressed hope that Japan would accept the U.S. proposal for more talks after the June 15-17 summit of the Group of Seven (G-7) industrial powers. The venue for the follow-up talks was undecided but "probably Geneva," Mondale said.

Hashimoto had rejected an earlier proposal that included no talks before the G-7 summit and June 20-21 sessions in Washington to respond to Japan's complaint to the Geneva-based World Trade Organization (WTO) against threatened U.S. sanctions.

The MITI minister has repeatedly noted Washington's obligation to begin consultations on the complaint within 30 days of Japan's May 17 filing.

Japanese officials have said the matter needs to be treated urgently as the nation's automakers are already suffering from the threat of sanctions that would take retroactive effect as of May 20 if no agreement is reached by June 28.

Before word of Kantor's Friday statement, the senior MITI official was asked if he thought the U.S. had compromised by agreeing to talks before June 15 in Geneva, as Japan had requested.

"No, they've returned to normal," he said, launching into a blistering attack of Kantor for previously offering "unacceptable" talks proposals outside of WTO rules.

Kantor also indicated the talks should be broad-based, covering the full auto and parts issue, while the MITI official said the next stage for talks would likely be "legal arguments" over how to handle the bilateral row under WTO rules.

Hashimoto To Answer U.S. Proposal on Autos

OW0506080095 Tokyo KYODO in English 0738 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Japanese trade minister Ryutaro Hashimoto will reply in a day or two to a U.S. proposal regarding the next round in auto trade talks, a senior trade ministry official said Monday [5 June].

Vice International Trade and Industry Minister Tomio Tsutsumi was commenting on last Friday's letter from U.S. Trade Representative Mickey Kantor pressing Japan to accept auto talks in Washington on June 20-21 as well as talks already agreed upon for June 12-13 in Geneva.

Japan has been negative toward holding the June 20-21 talks as proposed by Washington, saying whether such a meeting should be held can be determined at the end of the Geneva talks.

At a regular news conference, Tsutsumi declined to comment on whether Hashimoto will directly answer the U.S. proposal.

Instead, Tsutsumi stressed the need to clarify what the United States really wants in the Kantor letter regarding a time frame and other terms for the next talks.

Japan has filed a complaint with the World Trade Organization (WTO) against Washington's recent release of a list of Japanese luxury car models targeted for punitive tariffs under U.S. trade law.

Under WTO rules, both parties are to begin bilateral talks by June 15 or within 30 days of the May 17 complaint filing, before shifting to a multilateral dispute settlement panel.

Tsutsumi opposed holding the upcoming Geneva talks as an extended version of the ruptured bilateral meeting between Hashimoto and Kantor in Canada in early May.

The next talks should focus on judging whether the U.S. retaliatory action violates WTO rules, Tsutsumi indicated, terming comprehensive talks "undesirable" in view of emerging effects on the Japanese car industry by the U.S. move.

U.S. Automakers Will Not Attend Hearing

OW0506100295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Jun 95 Morning Edition p 7

[FBIS Translated Text] The Motor and Equipment Manufacturers Association (MEMA) of the United States informed the Japan Automobile Manufacturers Association [JAMA] (led by Toyota Motor Vice Chairman Masami Iwasaki) that "MEMA will not attend" a public hearing to exchange opinions on U.S. sanctions against Japanese auto makers. The U.S. Government asked for MEMA's attendance at this hearing, which is to be held in Washington. MEMA, however, decided not to participate, probably to avoid increasing the discord with Japanese makers before its private business meeting with JAMA, which will start on 5 June. As such, the intensifying Japan-U.S. auto dispute is afflicting U.S. auto parts makers as they find themselves caught between the government's political designs and their own business interests.

The hearing, set for 8-9 June, will be sponsored by the U.S. Trade Representative (USTR). U.S. lawmakers as well as representatives from the auto industry will exchange opinions on the U.S. sanctions policy of imposing 100 percent punitive tariffs on 13 Japanese luxury cars. Apart from its private business meeting with MEMA (scheduled for 5-6 June in San Francisco), JAMA will attend the hearing to express its objection to the U.S. sanctions. The U.S. Government urged MEMA to bring up at the hearing various problems relating to the Japanese side, such as "the closed nature of the Japanese market."

Concerning the deadlocked bilateral auto negotiations, some JAMA members said the business meeting with the U.S. auto parts association should be postponed. However, JAMA finally decided to hold the meeting to stress importance of separating politics and business. It seems that, given this situation, MEMA refused to attend the hearing so as not to cause unnecessary hassle with Japanese makers. On the other hand, the U.S. Big Three-led auto makers' association will attend the hearing.

Meanwhile, prior to its meeting with MEMA, JAMA will begin airing television commercials in the United States on 4 June to publicize its "objection to the U.S. sanctions." The 30-second television spot is scheduled to be put before the U.S. public twice a day for one week. In addition, auto makers such as Toyota and Nissan expressed determination to further promote their "lobbyist activities" to find a way to avert U.S. sanctions.

U.S. 'Trying To Change' Auto Talks Objective

OW0506010195 Tokyo MAINICHI SHIMBUN in Japanese 4 June 95 Morning Edition p 9

[By correspondent Toshiro Hara]

[FBIS Translated Text] Washington, 2 June — The Office of the U.S. Trade Representative [USTR] has continued its "attempt to change the objective" of the Japan-U.S. auto talks under the World Trade Organization (WTO).

Last month the United States announced a sanctions list against Japanese luxury cars in accordance with the 301 provision of U.S. trade legislation (which outlines steps for retaliation against trade partners' unfair trade practices). Claiming that the "act runs counter to WTO rules," Japan filed a complaint with the world trade watchdog on 17 May.

On 26 June, the USTR office issued a statement saying: "Japan called for the resumption of talks with the United States to discuss the issue of liberalizing the Japanese auto market." Moreover, in his letter dated 2 June to International Trade and Industry Minister Ryutaro Hashimoto, U.S. Trade Representative Mickey Kantor indicated that Japan's interpretation of a joint communique issued at a ministerial meeting of the Organization for Economic Cooperation and Development (OECD) was wrong. He said: "Ministers agreed in the communique to remove impediments to market liberalization. There is nothing in the communique regarding unilateralism."

In the letter, Kantor proposed "auto trade talks with Japan on 12-13 June in Geneva and on 20-21 June in Washington to discuss the liberalization of Japanese auto market which the United States has demanded."

In other words, Washington is asserting that "the objective of auto talks is to liberalize the Japanese market," although Japan has claimed that "it is to seek a verdict on U.S. sanctions from WTO discussions." Analyzing the U.S. attitude, a Japanese negotiator in Washington said: "The United States will be in a disadvantageous position if its sanctions plan is discussed at the WTO. Because of this, Washington is intentionally trying to change the objective. This proves that the United States is in trouble."

Nevertheless, Japanese officials involved in auto talks have begun to express concern, saying: "If things go on like this, the two countries may talk at cross-purposes in bilateral negotiations in Geneva and only waste time."

'Source' Criticizes U.S. Approach to Automakers

OW0506103795 Tokyo MAINICHI SHIMBUN in Japanese 3 Jun 95 Morning Edition p 1

[By Toshiro Hara]

[FBIS Translated Text] Washington, 1 June — Regarding the Japan-U.S. negotiations on automobiles and auto parts, it has become known that in late April the U.S. Government asked the three Japanese auto makers to provide figures, including the amount of auto parts they will buy in the United States (local content) and the number of Americans they will employ five years from now, in a questionnaire and to announce them as voluntary plans. This was disclosed by a government source in charge of auto negotiations in the United States.

The source said: "The U.S. request to the Japanese makers is an act of calling for a concerted corporate action, which is banned by the antitrust law (which is equivalent to Japan's Antimonopoly Act). We need to clarify this during discussions at the World Trade Organization (WTO)." Japan plans to bring this U.S. action up for discussion during bilateral talks at the World Trade Organization (WTO).

According to the same source, senior members of the U.S. Embassy [in Tokyo] and other officials visited Toyota Motor Co., Nissan Motor Co., and Honda Motor Co. in Tokyo late April, or immediately before the Japan-U.S. ministerial meeting in Canada between Ryutaro Hashimoto, minister of international trade and industry, and U.S. Trade Representative (USTR) Mickey Kantor.

The U.S. officials asked the auto makers for cooperation by increasing the amount of foreign auto parts purchased. At that time, they gave the auto makers a questionnaire, which they had brought with them, and asked them to fill in the blanks.

The questionnaire contains questions pertaining to the amount of planned procurement of foreign auto parts in the five-year period 1994-1998 inclusive, local content rate in the United States, scale of production increase in the United States, additional number of Americans they plan to employ, and amount of investment. Each auto company was to write down numbers in the blanks. The U.S. officials asked the auto makers to "write down figures and announce them as a voluntary plan." However, the auto makers refused to "answer" the questionnaire. It is very unusual for the U.S. Government to ask companies to fill in a questionnaire, giving concrete figures.

Murayama To Tell Clinton of Market-Opening Measures

OW0206122295 Tokyo KYODO in English 1148 GMT 2 Jun 95

[FBIS Transcribed Text] Tokyo, June 2 KYODO — Prime Minister Tomiichi Murayama, meeting U.S. President Bill Clinton on June 15, will explain Japan's market opening measures in a bid to avoid U.S. sanctions on luxury car imports from Japan, Trade Ministry officials said Friday [2 June].

The Japan-U.S. summit is expected to precede the June 15-17 summit of the Group of Seven (G-7) industrial powers in Halifax, Canada.

The U.S. has threatened to impose the sanctions on June 28 unless settlement is reached in its auto trade dispute with Japan by then. The measure would be retroactive on may 20.

Ryutaro Hashimoto, Japan's international trade and industry minister, indicated to U.S. Ambassador Walter Mondale in a meeting earlier Friday that Japan hopes to hold wide-ranging discussions on its market-opening measures at the summit.

The ministry officials said Murayama will discuss with Clinton a full implementation of Japan's deregulation programs over the next three years, strong measures to reduce price gaps between Japan and overseas markets, and a progress report on the implementation of 630 trillion yen worth of public works spending programs.

Murayama will also pledge to improve Japan's tax system and distribution structure and facilitate investments in and exports to Japan, the officials said.

A senior ministry official said that the unilateral U.S. moves are viewed as "unfair" in the international community, suggesting that Japan would try to settle the auto dispute with the U.S. by June 28 instead of seeking action by the World Trade Organization [WTO].

Japan filed a complaint with the WTO in May, charging that the unilateral U.S. moves "clearly violate" international trade rules.

Agreement Expected To Continue Framework Talks

OW0506104795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Jun 95 Morning Edition p 3

[FBIS Translated Text] Japan and the United States will agree to continue the bilateral economic framework consultations now that certain progress has been made in the areas of macroeconomics, individual negotiations, and Japan-U.S. cooperation. An agreement will be concluded at the 15 June Japan-U.S. summit to be held during the industrialized nations' meeting (Halifax summit) in Canada.

As for individual negotiations in particular, the United States eagerly wants to maintain them as a discussion arena when and if problems erupt between the two nations in the future. On the contrary, however, the importance of sector-by-sector issues is likely to diminish because the auto and auto parts talks have now been brought before the World Trade Organization for settlement, and because the investment negotiations — the last sector for individual negotiations — will soon end at working-level talks to be held in Tokyo this week.

Aimed at correcting the trade imbalance, the Japan-U.S. economic Framework consultations started in July 1993 under an agreement reached between then Prime Minister Kiichi Miyazawa and President Bill Clinton. As a result of theses consultations, Japan implemented tax reductions to expand its economy and a relationship of bilateral cooperation has been built in dealing with the issues of the environment, population, AIDS, and technology development.

The 1993 agreement stipulates: "Two years from now, the governments of the two nations are to decide whether to continue these consultations." It will be this summer they will reach a decision. The Ministry of Foreign Affairs says: "We have, at this point, no effective consultation arena to replace the economic Framework talks." As such, the continuation of the talks will be arranged at the summit.

Japan has no objection to the Framework talks being continued, but is negative about bringing up other specific sectors as subjects for individual negotiations.

The priority areas for individual negotiations were: government procurement of telecommunications and medical equipment; insurance; and autos and auto parts. So far, agreements have been reached in the first two sectors. Other areas Tokyo and Washington successfully worked out problems in include the sheet glass market, financial services, and intellectual property rights. In the remaining investment sector, the two governments will formulate a report incorporating investment liberalization measures to be taken by each side at the next working-level talks so that negotiations will be brought up for an appropriate conclusion.

Regarding measures for deregulation — the issue which has been shelved — it is expected that the United States, through follow-up meetings, will monitor progress in the Japan's deregulation plan.

The improvement of foreign access to Japanese Government procurement and the sheet glass market will also be measured by each objective criterion at follow-up meetings to be held on a regular basis. Since the Clinton administration practices a results- oriented trade policy, there is a fear that criticism of Japan will intensify if no increase is seen in the market share of U.S. products and services.

Beyond Rights Snag Aviation Talks With U.S.

OW0306050295 Tokyo KYODO in English 0448 GMT 3 Jun 95

[FBIS Transcribed Text] Tokyo, June 3 KYODO — Japan-U.S. aviation talks broke down Saturday [3 June] as both parties were unable to narrow gaps over the so-called "beyond rights" granted to U.S. airlines under the 1952 bilateral aviation pact, Japanese officials said.

In 105-minute talks with his U.S. counterpart Federico Pena over the telephone early morning, Japanese Transport Minister Shizuka Kamei turned down a U.S. request for approval of 11 new air cargo routes to Asia via Tokyo, said the officials.

Pena was quoted as saying that Washington is ready to hold subcabinet-level talks to deal with possible problems with existing cargo services involving U.S. and Japanese airlines if Japan approves all of the 11 routes next Wednesday.

But Kamei sought a review of the overall framework of the aviation pact before negotiating specific U.S. demands, citing what Tokyo views as abuse of beyond rights under the old pact.

"The U.S. request is excessive. We cannot accept all the routes at one time," Kamei was quoted as saying.

The latest talks, however, did not lead to a complete rupture, as both parties agreed to resume discussions in the near future.

Pena told Kamei that the United States understands Japan's stance and will study its next move based on the latest talks, the officials said.

Speaking at a press conference after the Kamei-Pena talks, Yasutoshi Tsuchisaka, chief of the Transport Ministry's Civil Aviation Bureau, said the talks were more fruitful than previous ones because Washington explicitly promised further study of its basic stance.

"The ball is now in the U.S. court. We are waiting for it to be thrown back," Tsuchisaka said.

At the center of the dispute are beyond rights — privileges by which U.S. airlines fly to third countries via Japanese cities — spelled out in the aviation pact which Tokyo considers unbalanced in favor of the U.S.

Pena said the establishment of the 11 new routes via Japan is a right granted to the U.S. under the pact, the officials said.

A Japanese Transport Ministry official said the latest breakdown is unlikely to cause the U.S. to take retaliatory action.

During the talks with Kamei, Pena did not make any remarks that would lead to sanctions, Tsuchisaka said.

In the current dispute, Washington is particularly urging Japan to accept a request made by Federal Express Corp. in the early 1990s for its plan to add the island of Cebu in the Philippines to its list of cities served from Japan.

The 11 routes also include a plan by United Airlines to add Kuala Lumpur to its route from the newly opened Kansai International Airport in Osaka.

Japanese officials have suggested Tokyo will impose its own retaliatory sanctions if the U.S. side takes such action first.

MOT Softens Stance

OW0406144295 Tokyo SANKEI SHIMBUN in Japanese 1 Jun 95 Evening Edition p 4

[FBIS Translated Text] The United States will certainly slap sanctions on Japan following the breakdown of the Japan-U.S. aviation talks. The Ministry of Transport [MOT] is taking an unprecedentedly hard-line stance with the United States, claiming "What measures Japan will take depend on how the United States moves."

The MOT, however, is showing a willingness to uphold its previous moderate stance because of a request from the Foreign Ministry to "exercise restraint." For the

MOT, which intends to revise the Japan-U.S. Aviation Agreement it claims is unfair to Japan, the existence of an "internal enemy" appears to be a more powerful problem than the United States.

The MOT has long desired to change the agreement, saying "The agreement is extremely unfair to Japan in fly-on rights and the number of airliners given priority assess to airports of both countries." The U.S.-Germany Aviation Agreement, which Germany complained was unequal, has been replaced with a de-facto equal aviation agreement following President Clinton's and German Chancellor Kohl's summit talks. The MOT believes that "this time, its Japan's turn."

France and Thailand have repealed their aviation agreements with the United States and this is making the MOT get tough with Washington. A senior official with the MOT's Civil Aviation Bureau reveals a sense of crisis by saying "If we make concessions to the United States at the present stage, we would return to the starting point."

The view taken by the Foreign Ministry is that since the Ministry of International Trade and Industry has chosen to take the Japan- U.S. confrontation over auto trade to the World Trade Organization (WTO), "we no longer want to dispute the United States." Therefore, it appears that the Foreign Ministry has the strong intention of settling the aviation dispute in one way or another as it has done in the past — by taking a moderate stance.

In response, Transport Minister Shizuka Kamei backed away from his hard-line stance out of consideration for the fact that Foreign Minister Yohei Kono is the president of the governing Liberal Democratic Party. Faced with this complexity, some MOT officials say "It is more difficult to shape a consensus at home than to negotiate with the United States."

MOFA Official on Stance on Anti-Iran Embargo

OW0306130695 Tokyo SANKEI SHIMBUN in Japanese 2 Jun 95 Morning Edition p 2

[FBIS Translated Text] On 1 June, the government decided not to follow a U.S. request to join its trade embargo against Iran. The decision will be conveyed to Washington before the Japan-U.S. summit talks scheduled for 15 June.

Commenting on Japan's stance toward the anti-Iran embargo, a top Ministry of Foreign Affairs [MOFA] official stated on 1 June: "Our course of action is fixed from the first. It will be conveyed to Washington before the summit." On the same day, another senior Foreign Ministry official more clearly noted the ministry is going to refuse the U.S. request, saying: "We will have to excuse ourselves from joining the economic sanction. We would be better not to follow the U.S. plan."

In early May, the United States announced an overall export embargo against Iran for "supporting terrorists," "disturbing Middle Eastern peace," and "suspicion of nuclear weapons development." Japan and advanced countries in Europe were urged to join the U.S. sanction. In the previous Japan-U.S. summit talks in January, U.S. President Bill Clinton demanded Prime Minister Tomiichi Murayama freeze Japan's second Yen-based loan to Iran.

In response to the U.S. demand, the Japanese Government took a stance that "it is also necessary to support moderates in the Iranian leadership" (as noted by Murayama). Japan has been calling for U.S. understanding of Japan's standpoint, and Iran's efforts to better U.S. ties. Japan hoped for a settlement of the U.S.-Iranian dispute before the next Murayama-Clinton talks to be held in Halifax, Canada; however, no development has been so far been made in the attitudes of the two nations. The Murayama-Clinton talks will be held on 15 June, the first day of the Group-of-Seven [G-7] summit in Halifax.

Editorial on U.S. Middle East Security Report

OW0306144695 Tokyo YOMIURI SHIMBUN in Japanese 3 Jun 95 Morning Edition p 3

[Editorial: "How Should the 'Gulf' Be Stabilized?"]

[FBIS Translated Text] A "Report on Strategy For Middle East Security" released by the U.S. Government is something that thrusts a few diplomatic tasks on Japan. The report is the second in a string that review the regional strategy the Clinton administration has made based of the international environment following the Cold War.

Because two-thirds of the world's oil reserves exist in the Middle East, the world economy is expected to become more and more dependent on the region for supplying oil in the future. Japan is no exception. The security of the Middle East, especially the security of oil producing nations in the Persian Gulf is an issue that directly involves the national interests of Japan. Japan's policy coordination with the United States and Europe for the security of the region is indispensable.

In the report, the United States assumes the key role in assuring the security of the Middle East, as well as expressing a strong resolve to defend moderate oil producing nations in the Persian Gulf and secure safe sea passage for oil transport.

The report says "any threats to the security of the Persian Gulf are threats to the national interests of the United

States and its allies." As major U.S. policy goals in the region, the report says the United States 1) will not tolerate the emergence of nations seeking hegemonism in the region; 2) will not allow the region to turn into a hotbed of international terrorism and; 3) will prevent the proliferation of weapons of mass destruction.y

The report was compiled using lessons the United States gained during the Gulf War, and it is quite natural for Japan to support the U.S. in its basic ideas and policy goals. The failure to fulfill any one of the policy goals could destabilize the Persian Gulf, threaten oil supply to the world market, and disrupt the world economy and politics.

The United States has worked to improve its forward deployment and other capabilities for the Persian Gulf, so as to be able to dispatch troops to the region in the event of emergency. These United States efforts have unquestionably served as a deterrent in peace time and contributed to the safety of the Persian Gulf.

The report points out that nations benefiting from Persian Gulf oil should fairly share the burden for the security of the region. This is a troublesome task for Japan, which sees military contributions as taboo. Sharing the burden from a broad perspective and making contributions to the Middle East peace process is the way for Japan to go.

Points where the report triggers controversy are that it fingers Iran and Iraq by name as dangerous nations in the Persian Gulf, and calls on U.S. allies to cooperate with their containment strategy. Toward Iraq, which provoked the Gulf War, and Iran, the United States adopts a policy different from that of Japan and the European nations.

The European nations have adopted the policy of continuing dialogue with Iran while keeping that country's moves in check. Japan has urged Iran to adopt moderate policies while continuing dialogue and going along with Iran's request for yen loans on the basis of its judgment that if Iran is isolated, this would be a minus for the Persian Gulf.

In May, the United States cut off all U.S. trade and investment with Iran on the grounds that Iran is suspected of developing nuclear weapons and sponsoring international terrorism. But Japan and the European nations are balking at going along with the U.S.- imposed sanctions against Iran.

If Iran is found to have been involved in international terrorism and developing nuclear weapons, Japan and the European nations should take a resolute attitude toward Iran. For now, however, Japan and the European nations have no hard evidence to corroborate U.S. allegations and they believe that their policies of continuing dialogue with Iran are still effective.

For the gulf between the United States, Japan, and the European nations in their policies toward Iran not to widen, those nations need to coordinate their views on the basis of objective materials and composed judgment.

EU's Brittan Views Approach to World Trade

OW0506083695 Tokyo KYODO in English
0818 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Cooperation, not threats, is the key to solving global and bilateral trade disputes, European Union (EU) trade chief Leon Brittan said Monday [5 June], continuing to play both sides of a Japan-U.S. trade row.

"This concept of pressure is a little out of date," the European Commission vice president said, repeating his criticism of the United States for threatening auto trade sanctions against Japan while criticizing barriers to entering the Japanese market.

Addressing Japanese and foreign journalists during a four-day visit to Japan through Wednesday, Brittan called strongly for Japan and the U.S. to avoid any bilateral deals that discriminate against other countries.

"If you want Europe's sympathy, don't make deals at our expense," he said, but added that he is sure the two sides will not settle their row by locking other nations out. "I'm confident the cooperative approach will work best."

Trade minister Ryutaro Hashimoto promised Brittan earlier in the day that any Japan-U.S. auto deal would be on a most-favored-nation basis, meaning other countries could reap its benefits, a Ministry of International Trade and Industry official said.

Brittan, while repeating the EU's disappointment with Japan's March package of deregulation measures, nonetheless called the more than 1,000 items "a substantial step in the right direction."

He urged Japan to deregulate and increase market access "further and faster" and acknowledged that if Japan were to reverse its market-opening course, his policy of cooperation would become more difficult to sell within the EU, but he said the chances of such retrogression are "extremely unlikely."

Brittan rejected retaliatory trade threats but endorsed the "pressure" of urging trading partners to take market-opening steps that benefit their own consumers and producers by increasing choices of cheap, competitive products and services.

Although touting the EU's 17.6 percent surge in 1994 exports to Japan and a further 35.9 percent jump in the first quarter of this year, he criticized the "many obstacles" that remain.

"In particular, it is now widely accepted in this country that economic activity is stifled by a pervasive web of interlocking regulations, running into the tens of thousands," Brittan said.

He also repeated his direct criticism of U.S. unilateral trade sanctions and indirect snipes at Washington for failing to honor the rules of the fledgling World Trade Organization (WTO).

"We need a strong and vigorous wto, whose rules are fully respected by all," Brittan said. "We need to move rapidly toward a new set of powerful multilateral rules ensuring that worldwide investment flows are safeguarded and that discrimination against foreign investment is outlawed."

Although the EU has asked to observe Japan-U.S. talks at the WTO, Brittan said Europe has not sought to mediate the dispute and has not been asked to. Asked for his advice to the two sides, he urged them to abide by multilateral rules.

The EU and U.S. remain in exploratory talks on forming an "economic free space," Brittan said, adding such a framework would lower mutual trade barriers and would not have "one ounce of protectionism, one ounce of raising barriers with the rest of the world."

Brittan, Takemura Debate Surplus Reduction

OW0506044495 Tokyo KYODO in English
0428 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — European Commission Vice President Leon Brittan called upon Japan on Monday [5 June] to set a target of reducing its current account surplus to 2 percent of its gross domestic product (GDP), Finance Ministry officials said.

Brittan made the call during a 30-minute meeting with Finance Minister Masayoshi Takemura, the officials said.

While welcoming the recent downward trend in Japan's current account surplus, Brittan asked Japan for the 2 percent-of-GDP goal as an macroeconomic target, the officials said.

Takemura responded negatively, saying the government should be prudent in setting a numerical target of cutting the surplus, which he said largely depends on foreign exchange rates and oil prices among other things, they said.

Brittan insisted that setting such a target would not lead to managed trade, the officials said.

Takemura told Brittan that Japan has already committed itself to a significant reduction in its surplus and will continue working toward expanding imports and easing regulations in an attempt to further cut its surplus, they said.

In the government's economic outlook for fiscal 1995 which started April 1, Japan's current account surplus is expected to decrease to 2.4 percent of GDP, they said.

During the October-December quarter, the ratio was estimated to have reached 2.6 percent, they said.

Turning to financial service negotiations between Japan and the United States, Brittan asked Takemura to pledge to apply the bilateral agreement signed in February to third nations, including European Union (EU) members, they said.

Takemura assured Brittan of the principle of most-favored-nation treatment, while noting individual items are subject to technical study in terms of binding force under the World Trade Organization (WTO), they said.

Meanwhile, Takemura expressed his regret over the EU's decision to file a complaint with the WTO against Japan's liquor taxes, they said.

He reiterated that Japan has already corrected a gap between the taxes on Japanese distilled spirit "shochu" and imported whiskey by revising a related law twice, they said.

Hashimoto Promises EU Equality in Auto Accords

OW0506050295 Tokyo KYODO in English
0438 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — International Trade and Industry Minister Ryutaro Hashimoto promised Monday [5 June] that Japan will apply any auto trade accords made with the United States to European Union countries on a most-favored-nation (MFN) basis, Japanese officials said.

Hashimoto clarified Japan's trade stance to treat all countries, including EU nations, without discrimination, in a meeting with EU business executives held here, the officials said.

Japan will honor international rules in overseas trade operations, Hashimoto told the "roundtable" meeting, attended by EU chief trade negotiator Leon Brittan and 18 EU business leaders, including those of auto and auto parts makers.

Hashimoto renewed his opposition to U.S. moves to press Tokyo to accept the so-called "numerical targets" and government role in expanding Japanese purchases of U.S. auto components, the officials said.

Brittan, vice president of the European Commission, joined Hashimoto in opposing the recent U.S. move against Japanese trade, saying it is not justified to settle a bilateral dispute with unilateral steps, the officials said.

Such an issue should be resolved in a multilateral manner, Brittan was quoted as saying.

Brittan also criticized Washington for its informal request of a commitment by Japanese carmakers to use more U.S. parts, according to the officials.

Hashimoto was quoted as confirming that Japanese and U.S. negotiators will gather in Geneva on June 12 in search of a breakthrough in the long-standing auto dispute, part of the trade "framework" negotiations that have now developed into a global issue under the new World Trade Organization.

But he added the timing and venue for further auto discussion have not yet been decided, the officials said.

Brittan Reiterates Concern Over Auto Deal

OW0506132695 Tokyo KYODO in English 1310 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Visiting European Union (EU) trade chief Leon Brittan on Monday [5 June] told Japanese trade minister Ryutaro Hashimoto that the EU does not want Japan and the United States to reach an agreement on the automotive trade dispute to the disadvantage of other countries, trade ministry officials said.

Brittan told Hashimoto that the EU approves of Japan's taking the bilateral trade dispute with the U.S. to the World Trade Organization (WTO).

The WTO is the proper place to discuss such a dispute, Brittan told Hashimoto, the officials said.

Brittan, vice president of the European Commission, is now on a four-day visit to Japan through Wednesday to meet with political and business leaders.

Hashimoto told Brittan that Japan, in the state budget for the current fiscal year, allocated funds to set up an exhibition hall for foreign cars and car parts, and to strengthen its system of receiving complaints on trade from foreign sectors, according to the officials.

As for trade matters between Japan and the EU, Brittan and Hashimoto exchanged opinions on ways to follow up the ministerial meeting held last November between the two economies, the officials said.

Among other things, Brittan said the EU wants access to information that Tokyo plans to give the U.S. in July on Japanese Government procurement of foreign telecommunications and medical equipment.

The two trade chiefs also agreed to hold a planned meeting to exchange governmental opinions on semiconductor trade among Japan, the EU and the U.S. as early as possible, the officials said.

Meanwhile, other government officials said Japan has started exchanging opinions with the European Commission on Japan's deregulation plan on cars and car parts trade.

On Monday, officials from Japan's Transport Ministry and the commission exchanged views on technical matters, including providing type certification for European auto headlights, according to the officials.

The meeting will continue on Tuesday, the officials added. Japan and the EU last held such a meeting in March.

Draft Economic Declaration at Halifax Detailed

OW0206135695 Tokyo YOMIURI SHIMBUN in Japanese 1 Jun 95 Evening Edition p 1

[FBIS Translated Text] The outline of a draft economic declaration to be adopted at the summit of industrialized nations (the Halifax summit) scheduled to be held in Canada beginning 15 June came to light on 1 June. The draft economic declaration stresses, among other things, the need to review international organizations that are showing "institutional fatigue" following the passage of 50 years since the end of World War II and calls for a comprehensive structural reform of the current development system for developing countries with emphasis placed on the elimination of poverty and protection of environment. The draft economic declaration explicitly calls for strengthening functions of the World Trade Organization (WTO) which was inaugurated last January. The draft economic declaration also stresses the need to strengthen the policy of monitoring by the International Monetary Fund (IMF) to head off any chaos in emerging markets in light of Mexico's currency crisis, expand emergency loans, and uphold the policy coordination system for the stabilization of exchange rates.

As for the review of international organizations, the draft economic declaration calls for eliminating the duplication of development operation undertaken presently by the IMF and the World Bank and urges the United Nations to study the possibility of merging the UN Development Program (UNDP) and the Food and Agriculture Organization (FAO) into a single organization.

In the past, the summit has taken up such individual issues as poverty, environment, and international crime organizations for discussion. But the draft economic declaration stresses the need for the summit to take up these individual issues for discussion under an agenda item of how to make international organizations work efficiently. Specifically, the draft economic declaration calls for steps to reduce debts of developing countries and for new measures to deal with environmental problems through the revitalization of environment-related organizations, including the UN Environment Program (UNEP).

On the trade issue, like a communique released on 24 May by the Council of the Organization for Economic Cooperation and Development (OECD), the draft economic declaration stresses the need to completely implement the Uruguay Round accord, strengthen functions of the WTO, provide assistance to the multilateral investment (MAI), [expansion unknown] agreement which will soon be negotiated in the OECD, and work for an early agreement in the Uruguay Round negotiations on the service area.

Mindful of autos and auto parts negotiations with the United States, Japan at first wanted the draft economic declaration to unequivocally "prohibit unilateral trade measures," but the draft economic declaration does not go beyond the OECD communique in order not to unnecessarily irritate the United States.

On the macroeconomy, the draft economic declaration notes a consensus formed among the summit participants that "the world economy has considerably recovered, but the world employment situation is still bleak." The draft economic declaration stresses the need to relax regulations, promote harmonization between standards and certifications, and boost domestic demand by opening markets.

Economic Growth, Jobs Main Items

OW3105124695 Tokyo KYODO in English
1200 GMT 31 May 95

[FBIS Transcribed Text] Tokyo, May 31 KYODO — Sustained growth of the world economy to overcome unemployment will be among main topics on the agenda at the Halifax Summit of the world's seven major economic powers next month, government officials said Wednesday [31 May].

The officials said other major macroeconomic subjects on the agenda are the creation of new job opportunities, deregulation and technological renovation.

Other themes include reorganization of international organizations and the strengthening of the World Trade Organization (WTO) for a thorough implementation of agreements reached at the marathon Uruguay round of multilateral trade negotiations concluded in late 1993, the officials said.

International cooperation to prevent global warming and expansion of deserts will also be discussed, they said.

The June 15-17 summit in Halifax, Nova Scotia, will be attended by the heads of state or government of the seven major industrial nations — Britain, Canada, France, Germany, Italy, Japan and the United States.

The officials said efforts to adjust views on ways to stabilize foreign exchange markets are still under way and an agreement will be included in an economic declaration to be issued after the second-day session June 16.

Personal deputies of the leaders who will attend the summit held a preparatory meeting in Canada recently to exchange views on the topics of discussion and a draft of the economic statement, they said.

Japan hopes the declaration will refer in specific terms to ways to stabilize foreign exchange markets, the officials said.

The delegates agreed that top priority should be given to structural reforms of economies in the individual nations as a way to overcome the unemployment problem, the officials said.

They also agreed to seek reorganization of international organizations which played a major role in stabilizing the international monetary system and aid to developing nations on the occasion of the 50th anniversary of the end of World War II, the officials said.

In particular, the officials said the delegates agreed to strengthen policy surveillance on newly emerging markets by the international monetary fund to avoid monetary uncertainties, such as the currency crisis in Mexico last year.

Possible realignment of United Nations-affiliated agencies will be discussed at the summit, they said.

The officials said the declaration will call for promotion of free trade and strengthening of the WTO, which was inaugurated in January this year as a new world trade watchdog, replacing the General Agreement on Tariffs and Trade.

The top leaders will reaffirm the necessity of international cooperation on environmental problems, including prevention of global warming, and cooperation on the shutdown of the disaster- prone Chernobyl Atomic Power Plant in Ukraine, the officials said.

At last year's summit, the seven countries agreed to provide 200 million dollars to finance the closure of the facility.

Statement To Include DPRK, Bosnia

OW0206013295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Jun 95 Morning Edition p 1

[FBIS Translated Text] The outline of the chairman's statement to be adopted at the industrial nations' summit (Halifax Summit) that will open on 15 June has been drawn up. The main points of the statement include: actions to deal with the DPRK (North Korea), the Bosnia-Herzegovina situation, assistance for Russia, arms control and disarmament, and strengthening of international organizations' functions. On the DPRK nuclear issue, the draft statement says resolution of it should be sought within the framework of the Korean Peninsula Energy Development Organization (KEDO) which was formed on the basis of the U.S.-DPRK accord. Regarding the Bosnia-Herzegovina issue, it strongly urges the Serb forces to stop hostilities against the UN troops.

In addition, views are now being exchanged on including as a topic of the summit the U.S.-proposed all out ban on trade with and investments in Iran, and on the possibility of including in the statement a clause expressing concern over Iran's involvement in international terrorism.

The main theme of the chairman's statement is the call for cooperative actions in dealing with growing factors of instability such as increased local conflicts since last year's Naples Summit. With regard to North Korea's nuclear issue, the statement says the issue should be resolved via dialogue by seeking to find a settlement within the framework of the KEDO, while carefully observing developments at the U.S.-DPRK talks in Kuala Lumpur.

On the Bosnia situation, which is an issue the United States and European nations are most concerned about, now that the situation is getting more tense following the Serb forces' detention of UN personnel, the statement urges the Serb forces to stop hostile acts against the United Nations immediately and come to the negotiating table. Depending on further developments, the statement might eventually include more positive actions on the issue.

Murayama To Focus on Asian Issues at Summit

OW0406072795 Tokyo KYODO in English 0656 GMT 4 Jun 95

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Prime Minister Tomiichi Murayama is poised to focus on North Korea's nuclear program and other pressing Asian issues at the June 15-17 Halifax economic summit, government sources said Sunday [4 June].

The sources said Murayama hopes to take the initiative on those issues at the summit as the sole Asian representative among the leaders of the group of seven (G-7) major industrialized nations.

While the military conflict in Bosnia-Herzegovina and western support for Russian reforms are certain to dominate G-7 discussions, a senior foreign ministry official insisted that the western G-7 members have important interests in Asia.

Murayama plans to urge his G-7 partners and Russian President Boris Yeltsin to rally behind the tripartite scheme of South Korea, the United States and Japan to stop Pyongyang's suspected nuclear weapons program via the Korean Peninsula Energy Development Organization, the sources said.

The sources also predict G-7 debate on the Spratly Islands dispute embroiling China, the Philippines, Vietnam, Taiwan and Brunei.

The Japanese premier plans to stress the importance of dialogue with the Association of Southeast Asian Nations on these and other Asian issues, the sources said.

Murayama will also repeat his regret over China's nuclear testing, the sources added.

Tokyo To Deal 'Flexibly' With DPRK in Talks

OW0306075695 Tokyo KYODO in English 0721 GMT 3 Jun 95

[FBIS Transcribed Text] Tokyo, June 3 KYODO — Japan will deal "flexibly" with the issue of a missing Japanese woman, who Tokyo suspects may have been kidnapped by North Korean agents, in talks with North Korea on the normalization of diplomatic relations, suspended since 1992, government sources said Saturday [3 June].

The government plans to discuss all items on the agenda without any premise, with the talks to include economic and international issues as well as fundamental issues between the two nations, they said.

In unofficial bilateral contact, Pyongyang has asked that the issues of the missing woman, Yi Un-hye, and North Korea's suspected development of nuclear arms be discussed separately from bilateral normalization talks, the sources said.

Japan aims to take up the two issues in the normalization negotiations, but plans to be flexible in its handling of the issue of the missing woman since the two countries have also discussed the matter in working-level talks, they said.

The two nations now have only to decide on the location and timing of the resumption of talks, a senior Foreign Ministry official said.

It is unlikely the negotiations will get bogged down over the agenda or how to proceed with the fresh talks, the official said.

North Korea has proposed that the talks be held alternately in Pyongyang and Tokyo, while Japan has suggested Beijing.

Normalization talks between Tokyo and Pyongyang were initiated in January 1991, but were broken off in November 1992.

During eight contentious rounds of talks, the two sides wrangled over Japan's demand for information on Yi and Pyongyang's demands for compensation for Japan's colonial rule over the Korean Peninsula and postwar damages payments.

The woman is thought to have been kidnapped to train an admitted North Korean terrorist who posed as a Japanese in the fatal bombing of a Korean Air jet in 1987.

Tokyo, Seoul Exchange Note on Military Flights

OW0506110995 Tokyo KYODO in English
1050 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Japan and South Korea exchanged notes Monday [5 June] agreeing to notify each other beforehand on military flights into each other's air defense space, the Defense Agency announced.

The agreement with the South Korean Defense Ministry, which goes into effect July 1, is the first such accord Japan has made with a foreign air force.

According to the agency, Japan and South Korea often scramble their military aircraft to intercept suspected intruders into their respective air defense spaces, especially where the two zones meet.

According to the agreement, each side will inform the other beforehand of the flight plans of its military aircraft and halt scrambling its fighters to intercept them.

The agency said Monday's agreement will guard against unnecessary sorties and build mutual confidence between the two militaries, in addition to reducing the possibility of air accidents where military air traffic is heavy.

Government Reveals New Economic Plan

OW0106144195 Tokyo SANKEI SHIMBUN
in Japanese 31 May 95 Morning Edition p 1

[FBIS Translated Text] The entire picture of the new economic activation program was disclosed on 30 May. The program will be the pillar of a new economic plan (for the period fiscal 1995-2000) — on which an interim report is to be compiled by the Murayama government in June. According to the program, an action plan up to the year of 2000 is aimed at achieving structural reform and activating the economy mainly by promoting deregulation, such as giving permission to open self-service gas stations. Moreover, the program notes the necessity of studying the transfer of the functions of the Diet and the administration as a measure to decentralize those functions from Tokyo. The interim report on the economic plan will be officially approved at a session of the Economic Council (an advisory organ to the prime minister) on 13 June. The government plans to announce its grand design for the 21st Century at the Halifax summit (meeting of leaders from industrial nations) scheduled to open on 15 June.

At the outset, the economic activation program to be incorporated into the new economic plan stresses the necessity of establishing "a system designed to help promote free business activities and encourage individuals to take initiatives in business, and to fully vitalize the market economy."

The program then proposes to 1) establish a free and active economic society through deregulation and other measures; 2) foster active industries and nurture new business; 3) help create a regional society by decentralizing administrative power from Tokyo; and 4) come up with measures to deal with emergency situations like the great Hanshin earthquake.

As for the promotion of deregulation, the highlight of the economic plan, the program, taking into consideration the "deregulation promotion plan" for the next three years worked out by the government in March, proposes to work out an action plan that will include all possible targets for cutting costs and activating the economy.

Regarding the possible introduction of self-service gas stations — which was described by the "deregulation promotion plan" as a question to be studied, the program has taken a step forward, saying "work to review safety regulations will be carried out swiftly" from the standpoint of introducing such self-service stations. In addition, the program points out the necessity of reviewing business practices such as oil distributors' giving rebates to their affiliated sales agents.

Touching on the issue of reviewing the Large-Scale Retail Stores Law, the economic activation program stresses "it is necessary to reach a conclusion immediately," saying business practices — such as "the practice of returning old stock" by retail stores to wholesalers — should be corrected.

Furthermore, the program calls for setting new charges for telecommunications services, including peresonal computer communications, developed in line with the multimedia era while letting each ministry "work out guidelines for businesses under its jurisdiction" in a bid to meet public calls to clarify the decisionmaking process for public utilities charges.

As part the measures to decentralize power from Tokyo, the program proposes to positively study a concrete plan to transfer key functions of the Diet, the administration, and the judiciary to areas outside Tokyo. In addition, the program notes it is necessary for metropolitan Tokyo to "relocate its functions to such subcenters as the Waterfront subcenter."

What's more, as measures to deal with disasters, the program says it is necessary to clarify the roles of the Self-Defense Forces, the police force, and fire fighters.

The new economic plan — which is to replace the current "Five-Year Economic Plan" (for the period fiscal 1992-1998) — is to lay out the course Japan will take toward the 21st Century, through an economic activation program and measures to deal with the aging society and to beef up Japan's role in the international community, making Japan one of its pillars.

Corporate Confidence in Economy Worsens

OW0506115495 Tokyo KYODO in English 1138 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Corporate confidence in the domestic economy worsened in the first quarter of this year against the backdrop of the strong yen and the slow pace of economic recovery, a government report said Monday [5 June].

The report by the Ministry of International Trade and Industry [MITI] said the diffusion index — the ratio of enterprises reporting improvement of the economy minus that of firms with a negative response — stood at 1 for the manufacturing industry, down sharply from 19 for the preceding quarter.

The ministry said the indexes for the precision machinery and oil industries worsened markedly along with those for retailers, mainly department store operators.

The figure for the nonmanufacturing sector worsened to minus 11 from minus 7 in the preceding quarter due to sluggish consumer spending resulting from the great Hanshin earthquake in January and the lethal gas attack on Tokyo's subway system in March, the ministry said.

The ministry said the report was based on a poll taken in late March on 674 firms, comprising 413 manufacturers and 261 nonmanufacturers.

The ministry said business confidence is expected to improve in the April-June period both for the manufacturing and nonmanufacturing industries.

Ministry officials, however, warned of the possibility that the indexes may turn downward in view of the sharp appreciation of the Japanese yen since April.

The ministry said the diffusion index for sales also worsened, with the figure for the manufacturing industry dropping 9 points from the preceding quarter to minus 14 while that for the nonmanufacturing sector declined 5 points to minus 13.

The ministry said sluggish sales hit nonmanufacturers harder than manufacturers.

Hashimoto Says Power Companies To Drop Rates

OW0206054495 Tokyo KYODO in English 0434 GMT 2 Jun 95

[FBIS Transcribed Text] Tokyo, June 2 KYODO — Japan's electric power companies will cut electricity rates by an average 14 yen per family per month as the soaring yen has cut the company's fuel costs, International Trade and Industry Minister Ryutaro Hashimoto said Friday [2 June].

The cuts, starting in July, come as the 10 utilities are amassing a 300 billion annual yen windfall as the muscular yen increases their buying power of imported fuel, outweighing rises in crude oil prices, Hashimoto told a regular news conference after a morning cabinet meeting.

The Ministry of International Trade and Industry (MITI) chief acknowledged that some feel the 14 yen addition to current 100 yen monthly cuts for a family spending 7,000 yen seems skimpy.

But, he said, others have told him they "would welcome even a 1 yen or 2 yen reduction."

Facing such options as pooling the windfall to stave off later rate hikes if market situations change, or investing the money in plants and equipment to boost efficiency, he plans "the method to return even 1 yen or 2 yen."

Gas rates, however, will not be cut as liquefied natural gas and liquefied petroleum gas market prices have soared, Hashimoto said.

MITI said the power companies will apply next Friday to expand by a further 14 yen the 100 yen monthly average provisional rate cuts, renewed last October after taking effect the year before, and MITI will approve the requests June 13, to take effect the following month.

Until last month, Hashimoto had argued that rising crude oil prices offset the benefits of the high yen for the electric power companies, making it hard for them to pass the windfall on to their customers.

Rates before the provisional cut were based on an exchange rate of 124 yen to the dollar and a Japanese crude oil purchase price, based on the Dubayy spot rate, of 16.50 dollars a barrel.

The provisional power charges reflected the dollar's fall to 99 yen and oil price rise to 17 dollars a barrel, while the new cut takes into account a further dollar drop to 85 yen, outweighing an oil price rise to 19 dollars a barrel, MITI's Natural Resources and Energy Agency said.

Hashimoto also promised to implement a new electric power rate system as quickly as possible next year.

That system, the agency said this week, is designed to curb rates by forcing utilities to streamline, with efficiency evaluations that rank the companies in three groups and measure their cost-cutting efforts over time.

Major power firms including Tokyo, Chubu, Kansai, Shikoku and Okinawa Electric Power companies announced Friday morning they will reduce charges to consumers.

For instance, Tokyo will reduce its charge by an additional 14 yen per month for an average family of four based on consumption of 280 kilowatt-hours. As a result, a total of 125 yen will be taken off compared with the level charged in November 1993.

Chubu will make cuts amounting to 128 yen from the current 116 yen reduction and those for Kansai will go to 90 yen from 84 yen. Shikoku made cuts further to 115 yen from 102 yen, and Okinawa made a further reduction to 165 yen from 154 yen.

New System Targets Competition

OW3105123795 Tokyo KYODO in English 1215 GMT 31 May 95

[FBIS Transcribed Text] Tokyo, May 31 KYODO — Japan's power companies will be forced to compete in streamlining under a new system for setting electricity rates that will judge efficiency and cost-cutting efforts over time, a government panel said Wednesday [31 May].

The "yardstick" system is meant to curb Japan's electricity fees — the industrialized world's highest — but it is unclear how much the system will lower customer charges, said an official at the Ministry of International Trade and Industry (MITI).

The 10 power companies will be ranked in three categories based on their efficiency and their streamlining efforts during the periods between government assessments, said the official from MITI's natural resources and energy agency.

The official briefed reporters on a report from the Rate-System Panel of the Electric Utility Industry Council.

Simply being an efficient producer will not be enough. "If a company does not make greater efforts than the other companies, its evaluation will worsen," the official said.

If a company falls on the scale, its next assessment "will become more severe," but it remains to be worked out how those evaluations will translate into subsequent rate approvals, he said.

The companies hold legal monopolies in their areas and the new system will take into account the circumstances of each area in its comparisons, but the system is intended to promote sustained competition with a "situation close to a market mechanism," the official said.

The measurement of overall efficiency will be a unit-price level, expressed in yen per kilowatt-hour, which divides the value of assets for power generation, transmission, transformation and supply, as well as general costs by the volume of sales.

For measuring improvement, the government will monitor percentage changes in the unit price level after each assessment.

Since the companies will be ranked relative to each other, it is possible that all 10 could fall into only two groups, but they would never all land in the same category, which would essentially render the rating scale meaningless, he said.

The utility council chose the yardstick system in January as part of an overhaul of the rate system to take effect next January.

Power rates were ordered to cut provisionally last year as the soaring yen made imported fuel cheaper, and MITI chief Ryutaro Hashimoto indicated May 12 that the further rise of the yen would prompt deeper cuts even before the new system takes effect.

The current system, which sets electric power rates by adding a set profit margin to power generation costs, has been criticized as lacking competition and thus contributing to power costs far above those in Europe and the United States.

MOF To Abolish Commissions on Samurai Bonds

OW0406074395 Tokyo KYODO in English 0630 GMT 4 Jun 95

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Due to a "hollowing out" in Japanese financial markets, the Finance Ministry is going to abolish commissions on Samurai Bonds, or yen-denominated debentures issued by international organizations in Japan, ministry officials said Sunday [4 June].

Under current legislation, the issuers of the yen bonds are requested to pay 0.05 percent of the face value to "bond management firms" which have the right to call a meeting of creditors should an issuer become insolvent.

In most cases, major Japanese commercial banks, called city banks, are designated as the "management firms."

The decision was made as the ministry's in-house study group of academics and financial experts compiled a report on measures to revitalize the yen-denominated market recently, according to the officials.

The report said some "triple-a" rating issuers like the World Bank, which regard such commissions as "extra costs," are reluctant to raise funds in the Japanese markets, they said.

New issues of Samurai Bonds in 1994 shrank a hefty 31.8 percent to 1,130.4 billion yen due to excessive regulations and high bond management commissions.

The World Bank has suspended its issues since 1987, and the Asian Development Bank followed suit in 1994.

International investors are increasingly buying Euroyen Bonds in European markets, of which commissions account for only one-third those of Samurai Bonds, thus reducing the Samurai Bonds' share of the yen bond market to some 15 percent or nearly half that of its peak.

"Active buying by Japanese investors of Samurai Bonds will contribute much to recycling the nation's whopping trade surplus overseas," said an official at the ministry.

MOF Considers Reducing Corporate Tax

OW0306001295 Tokyo KYODO in English 2358 GMT 2 Jun 95

[FBIS Transcribed Text] Tokyo, June 3 KYODO — The Finance Ministry [MOF] has begun considering the wisdom of shaving the corporate tax rate by a full percentage point as a step designed to keep businesses from moving production overseas, ministry sources said Saturday [3 June].

The tax commission, an advisory panel to Prime Minister Tomiichi Murayama, will be entrusted with sketching out the details of the proposed measure, the sources said.

The panel, concerned about the "hollowing out" of export-oriented Japanese industrial sectors engulfed by fallout from the soaring yen, recommended such a cut in an earlier report, they said.

At present, Japan's corporate tax stands at 37.5 percent, after a 2.5 percentage point cut in 1990. The tax is levied by national tax authorities.

The 1 percentage point cut would trim the nation's tax revenue by 400 billion yen, they said.

However, the effective tax rate on corporate earnings amounts to 49.98 percent, as local governments are legally empowered to impose a "local tax" on companies located within their jurisdictions, on top of the national corporate tax.

The effective overall rate is higher than 41.05 percent levied in California, 33.0 percent in Britain, 17.5 percent in Hong Kong, 27.0 percent in Singapore and 30.0 percent in Thailand, according to the sources.

The Finance Ministry is considering such a cut in the national tax rate in view of the fact that revenues from local taxes account for a sizable portion of the total tax revenues of local governments, the sources said.

But the ministry has been alerted to the current situation by which almost 50 percent of Japan's business firms secure an exemption from most of their tax payment obligations by reporting pretax losses on their balance sheets, they said.

The ministry is considering requiring business firms reporting pretax losses for three to five years consecutively to pay a corporate tax, they said.

If this requirement is legislated, the ministry would be able to grant to business firms a cut of more than one percentage point in the corporate tax rate, they said.

Government Pledges To Lure Foreign Investment

OW0306063895 Tokyo KYODO in English 0620 GMT 3 Jun 95

[FBIS Transcribed Text] Tokyo, June 3 KYODO — The government will pledge to do its utmost to upgrade Japan's investment conditions in a set of guidelines to be finalized by a government council on June 13, government sources said Saturday [3 June].

In a draft of the guidelines obtained by KYODO NEWS SERVICE, the government's Investment Council said Japan will make maximum efforts to abolish regulations that hinder foreign investment.

The guidelines cite administrative guidance and economic factors as responsible for such investment obstacles as higher land prices.

The guidelines contain 12 directives calling for comprehensive assistance for prospective foreign investors, adequate handling of complaints, supply of necessary manpower and maximum relaxation of rules that block direct investment, the officials said.

The business community will also be asked to improve the investment environment by, for example, ensuring the transparency of deals, the officials said.

The government will also promise to stimulate mergers and acquisitions in Japan, which it will view in a positive light as activating foreign investment and thus revitalizing Japan's overall business activity in the long run, they said.

The guidelines also call for creation of a task force to review the law on foreign investment and imports, which is to expire in May 1996, the officials said.

The investment council was set up in line with an economic reform package adopted in March 1994.

Statement Drafted on Boosting Foreign Investment

OW0306000595 Tokyo YOMIURI SHIMBUN in Japanese 2 Jun 95 Morning Edition p 7

[FBIS Translated Text] The Council on Foreign Investment in Japan, chaired by Prime Minister Tomiichi Murayama, is studying ways to expand investment by foreign firms in Japan. A draft statement to be issued by the council in June came to light on 1 June. The draft clearly admits the Japanese Government's responsibility for sluggish foreign investment in Japan by saying: "High costs, including land prices, are the cause of sluggish foreign investment in Japan; and regulations based on laws, ordinances, and administrative guidance are the institutional cause of stagnant foreign investment in Japan." The draft says the "Japanese Government is firmly resolved to do everything in its power to improve conditions for investment" and unveils basic plans for relaxing regulations.

The statement to be released by the council was incorporated in the "emergency package of yen-curb and economic stimulus measures" when Japan's commitment and the emergency package were mapped out in April. The government plans to have the council release the statement with the aim of showing people at home and abroad its resolve to work for expansion of foreign investment in Japan.

The draft statement calls on private enterprises to redress unclear business practices. With regard to mergers and acquisitions, which other nations point out are difficult to carry out in Japan, the draft statement indicates that the government expects "merger and acquisition to expand foreign investment in Japan and vitalize industrial activities."

The draft says the government will work to expand foreign investment in Japan by implementing a 12-point package of measures. Specifically, the government will 1) urge economic circles to make business practices transparent; 2) reduce regulations regarding foreign direct investment in Japan to the minimum and create opportunities for new business and cost cutting; 3) assist foreign firms in hiring personnel; 4) construct an "international business base facility" to make foreign businesses eager to move into Japan.

The draft also says the government will study ways at the earliest date to revive the Law on Import and Investment in Japan, which expired last May.

MOF Said Planning for Bad Loan Elimination

OW0506033695 Tokyo KYODO in English 0258 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — The Ministry of Finance [MOF] will sketch out measures as early as this week to encourage financial institutions to eliminate huge bad loans in an attempt to bail out the economy burdened by plunging share prices and growing joblessness, ministry officials said.

The ministry is under growing pressure to speed up the process of devising steps to alleviate the vast sum of the nonperforming loans as share prices plummeted to the lower half of the 15,000 yen range and the market saw a string of poor economic indicators, such as housing starts and jobless rate for April.

An official at the ministry's budget bureau said, "These recent market trends foreshadow the direction of the Japanese economy and these problems engulfing the financial community are at the deep roots of these trends."

Housing starts dropped below year-before levels for the second straight month in April. The unemployment rate hit a record high of 3.2 percent in April.

These indicators sent share prices plunging as market players scrambled to sell off their shareholdings.

Yasuo Ueki, general manager of equities operations at Nikko Securities Co., said, "We are facing the burgeoning mood among market players that nobody can prevent share prices from dropping below the 15,000 line."

Masaru Takagi, chief analyst at the Fuji Research Institute, also said, "The latest spell of economic recovery appears to have reached its peak in the April-June quarter, given the market movements and indicators attesting to the levels of production activities."

"The market developments tell us the economy will start decelerating by the end of this year," he said.

Hideaki Akimoto, chief of the investment research division of the Daiwa Institute of Research, said, "The recent extraordinary signs in the markets imply that the latest economic recovery will be short-lived and frail."

He accused the government for having neglected to solve structural problems of the Japanese economy, such as those that have prodded the market to drive down the dollar.

Kenichi Shimbashi, vice chief of the corporate planning department of Nomura Securities Co., said, "It is pointless for people to urge us to stabilize share prices at a time when no improvements can be found in fundamental conditions surrounding the management of financial institutions."

The haunting bad loan issue has weighed heavily on the stock market by leading financial institutions to unload their shareholdings and garner capital gains in a desperate bid to dress up their balance sheets tainted by the huge write-off costs.

Japan's 21 major banks aggregately wrote off a record 4.9 trillion yen in disclosed nonperforming loans in fiscal 1994 ended March 31, up 36 percent over a year before, according to the balance sheets released by the banks late May.

Despite the active write-offs, the cumulative balance of the 21 banks' outstanding disclosed nonperforming loans has remained at 12.55 trillion yen, down 5.9 percent from the corresponding figure registered as of Sept. 30, 1994, the banks said.

Official: No Decision Yet

OW0506122095 Tokyo KYODO in English
1150 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Vice finance Minister Kyosuke Shinozawa said Monday [5 June] the Finance Ministry has not yet decided on whether to draw up a comprehensive package to dispose of financial institutions' nonperforming loans.

The comment followed a remark last Friday by Finance Minister Masayoshi Takemura that the ministry will soon release a package to take care of the bad loans.

Shinozawa, though, said at a news conference, "we have not yet decided our policy on bad loan disposal...It's not an easy task although the finance minister is strongly expecting a basic guideline to be worked out as soon as possible."

The ministry will need more time in discussing the propriety of such a package, Shinozawa said, indicating the need to study developments in a bailout scheme for two failed credit unions.

Shinozawa expressed caution about using public money to dispose of bad loans. "It is a matter requiring extremely deep and prudent study," Shinozawa said.

Shinozawa cited the need to check that maximum efforts on bad loan liquidation have been made by financial organs concerned before resorting to public help.

The issue also needs to be addressed under the overall framework of Japan's financial system, he said.

Referring to Takemura's use of the phrase, "public involvement," in bad loan disposal, Shinozawa said that would not necessarily lead directly to the use of public money.

Shinozawa reminded reporters of roles the government has played on the financial front in the past, including the establishment of Cooperative Credit Purchasing Co. as a vehicle to purchase nonperforming loans.

Panel Urges Abolition of Shipping Cartel

OW0506082195 Tokyo KYODO in English
0800 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — A Transport Ministry advisory panel Monday [5 June] recommended the de facto abolition of a cartel that fixes the total tonnage of Japanese shipping firms to protect smaller companies, ministry officials said.

The Council for Rationalization of Shipping and Shipbuilding Industries made the recommendation in a report submitted to Transport Minister Shizuka Kamei, without saying when the 31-year-old cartel should be abolished.

The government agreed in a cabinet meeting in July 1994 that the cartel should be annulled in five years.

The report urged the de facto annulment of the cartel by recommending an exemption of containerships and automobile carriers from the cartel, the easing of port-of-call restrictions for those vessels, and other measures.

The report said the cartel makes it difficult for shipping firms to respond to changing transportation demand stemming from economic fluctuations and does not help smaller companies' business restructuring.

It also said mass transportation should be handled by ocean shipping companies, rather than trucking firms.

The Transport Ministry is expected to make a decision on the recommendation through consultations with the Fair Trade Commission (FTC), before the current fiscal year ends March 31, 1996, the officials said.

The abolition of the FTC-sanctioned cartel is likely to lead to a reorganization of the Japanese shipping industry, especially smaller companies, industry sources said.

A transport ministry survey shows there are 6,240 coastal shipping companies in Japan, 95 percent of them small businesses. Seventy percent of them have only one ship.

Due to protection under the cartel, the freight charged by coastal shippers is much higher than ocean-going shippers, considering the distance involved, the sources said.

For example, the shipping charge for one container from Tokyo to Tomakomai, Hokkaido, northern Japan, is about 130,000 yen, compared with 200,000 yen to 250,000 yen for the same container going from San Francisco to Tokyo.

The high cost of coastal shipping, which accounts for one-half of domestic transportation, is often blamed for the high distribution costs in Japan.

FTC Raids Firms on Price Cartel Suspicions

*OW0306024495 Tokyo KYODO in English
0224 GMT 3 Jun 95*

[FBIS Transcribed Text] Tokyo, June 3 KYODO — The Fair Trade Commission (FTC) has raided offices of 11 companies for allegedly forming a cartel to fix prices of guardrails and nets against falling stones, FTC officials said Saturday [3 June].

Among the 11 is Tokyo Rope Mfg. Co. listed on the Tokyo stock exchange's first section. The others include steel processing makers affiliated with major steelmakers like Nippon Steel Corp., NKK Corp. and Kawasaki Steel Corp., the officials said.

The antitrust watchdog suspects the 11 firms formed a price cartel for products to be delivered to general contractors for road construction and other public projects, as a way to prevent their price falls.

The companies are also suspected of having fixed successful bidders in public works projects, the officials said.

Some of the 11 firms are alleged to have taken part in the two practices that constitute violation of the antimonopoly law by limiting competition, they added.

Paper Urges Defense Industry Reorganization

*OW0506113195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Jun 95 Evening Edition p 1*

[FBIS Translated Text] The government's basic thinking regarding the Japanese defense industry in post-Cold War times became known on 1 June.

A paper points the way to sustain the national defense industry under the present conditions of declining demand for the Self- Defense Forces' [SDF] front-line equipment. To have a "compact and resilient defense industry" capable of supplying high-tech equipment, the paper suggests that the defense industry restructure itself through mergers and business tieups between related companies. It also suggests the use of administrative guidance and the application of the principle of competition. It is likely that there will be some rejection from industry to such suggestions, and this could touch off discussions on the future of the defense industry and the defense buildup plan itself.

This paper on basic thinking was prepared by the government, primarily the Defense Agency, in the process of formulating new guidelines to replace the "defense plan outline." This paper will be presented to a meeting on 9 June as a reference in formulating a new outline which the National Security Council (chaired by Prime Minister Murayama) wants to complete by the end of this year.

The draft paper notes that since the defense buildup plan adopted under the "defense outline" approved in a cabinet meeting in 1976 is close to ending, it will be "impossible to expect major growth in demand" for the defense industry for the time being. The paper predicts a difficult situation for the overall defense industry, saying the industry will not able to "continue its role in technological development, and could completely collapse" should present conditions persist. The paper also stresses the need for the government to continue addressing this point, saying, "It will be extremely difficult to resuscitate the defense industry and its technology framework if they die."

On the need to hold on to the defense industry technological base, the paper says it is essential to consolidate the industry through mergers, joint ventures, and busiess cooperation, noting "when the operational rate of equipment and personnel is low, it will bring up production costs and make it difficult to achieve technological advance."

As specific ways of restructuring the industry, the paper suggests that the companies make voluntary efforts and that the government encourage the consolidation of companies by exercising administrative guidance. Regarding the procurement of equipment, the paper says locally-produced equipment should be encouraged to compete with imported products, and urges the government to reconfirm the policy of encouraging producing more equipment locally as well as of securing in the budget more funds for research and development programs. Such funds are presently at levels lower than those in the United States and in European countries.

Even in the past, the government has continued efforts to sustain and foster the defense industry in the belief that the degeneration of the national defense industry will weaken Japan's defense capabilities in the long run. But following the end of the Cold War, there has also been a trend of trimming the defense budget, thus making it inevitalbe for defense-related companies to make efforts to restructure themselves by reducing production lines and reassigning personnel.

More recently, in the course of reviewing its defense capabilities the Defense Agency has decided on cutting back on front-line equipment, and since then, some companies have started to talk about withdrawing from business in defense-related areas and about reducing their highly-trained technicians. In April, Ishikawajima-Harima Heavy Industries Company and Sumitomo Heavy Industries announced they want to separate their sales and product design departments and form a new company as a way of reducing costs in building vessels for the Defense Agency. The agency thinks it would be good for the survival of the overall industry for such a move to spread to other areas of the defense equipment manufacturing industry.

MSDF To Hold Drills With ASDF

OW0306000895 Tokyo ASAHI SHIMBUN in Japanese 2 Jun 95 Morning Edition p 3

[FBIS Translated Text] It was disclosed on 1 June that in connection with the northern region special mobility exercises scheduled to start late this month in Hokkaido and off the coasts of Shikoku and Sanriku regions, the Defense Agency [DA] plans to conduct sea-air operations in which the Maritime Self-Defense Force [MSDF] and the Air Self Defense Force [ASDF] are to be placed under a single, partially integrated chain of command for the first time. This integration includes, among other procedures, placing the ASDF's fighter planes under the MSDF's command. The DA, which has been conducting a review of how the Self-Defense Forces [SDF] ought to be in the post-Cold War era, is striving towards an integrated management of the SDF's three divisions. As part of this effort, the DA plans to look into more practical ways of managing troops via sea-air operations.

According to the DA, the Ground Self-Defense Force [GSDF], MSDF, and ASDF have operated under independent commands in SDF exercises so far. They have never been integrated under a single command like the U.S. military. Sea-air operations are to be held twice: first in late June off the coast of the Shikoku region, and then in early July off the coast of the Sanriku region.

In the operations, fighter planes from the ASDF's Western Air Defense Force (based in Kasuga City, Fukuoka Prefecture) and other air defense forces will stage a mock attack a fleet of about 10 vessels belonging to the MSDF's 4th Escort Flotilla (based in Kure City, Hiroshima Prefecture). An ASDF E-2C early warning aircraft and several ASDF fighter planes will join the MSDF side, and the commander of the 4th Escort Flotilla will direct defensive maneuvers against the aerial attack. Several ASDF weapon control personnel will be aboard the commander's escort vessel to assist the commander. Meanwhile, an MSDF P-3C antisubmarine patrol aircraft will join the attacking ASDF side, placed under the ASDF's command.

In 1993, the MSDF procured Aegis vessels equipped with high- performance radar systems to enhance their ability to gather information about attacking aircraft. These vessels are also capable of communicating directly with fighter aircraft via radio and sharing combat information.

Meanwhile, the GSDF will participate in the northern region special mobility exercises by sending troops from its 13th Division (with headquarters in Kaita-cho, Hiroshima Prefecture) via transport vessels, transport aircraft, and other means to Hokkaido to conduct training there for about 40 days beginning on 22 June. The MSDF and the ASDF are also to be in charge of transporting GSDF troops.

Troop Deployment To Shift

OW0306085095 Tokyo KYODO in English 0837 GMT 3 Jun 95

[FBIS Transcribed Text] Tokyo, June 3 KYODO — The Ground Self-Defense Force (GSDF) has drawn up a plan to shift troop deployments from north to west, apparently to put more importance on the Korean Peninsula, GSDF sources said Saturday [3 June].

The shift is designed to deal with changes in the world military situation since the Cold War era, when the Japanese defense forces were said to have focused on what is now the former Soviet Union.

The GSDF currently deploys 13 divisions and two mixed brigades, but it plans to reduce them to nine divisions and six brigades. A GSDF division has 7,000 to 9,000 troops while a brigade has 4,000 to 5,000 soldiers.

Four divisions are currently deployed on Japan's northernmost main island of Hokkaido, but they will be scaled down to two divisions and two brigades. The two divisions on the southernmost main island of Kyushu will be kept intact.

The GSDF has decided to reduce the fixed number of total personnel from 180,000 to some 145,000 and create a separate 15,000-member reserve unit.

The reorganization plan requires the scrapping or merger of 159 garrison towns nationwide, thus the program will take as long as 10 years to complete, the sources said.

The GSDF does not intend to strengthen its forces in Kyushu, but is taking steps to level off its heavy deployment in Hokkaido, they said.

The Defense Agency is considering how to deal with the post-Cold War era, and has drawn up a blueprint to reduce Japan's total defense personnel by 20 percent. The plan is expected to be endorsed by the government at a cabinet meeting as early as

MELCO Executive on Defense Policy

OW0206062495 Tokyo BOEI GIJUTSU JANARU in Japanese Apr 95 pp 54-55

[Article by Atsushi Wada, deputy director of the Electronics Division, Mitsubishi Electric Corporation (MELCO)]

[FBIS Translated Text] In this article I would like to consider the direction that Japan's defense policy is taking based on explanations given at last year's Defense Problems Forum. In addition to these explanations, I would also like to add some of my own private thoughts on defense.

For one thing I believe that the Swedish perspective on defense could be of great value to Japan when it considers its own thinking on this matter.

In Sweden the basic defense policy is frequently referred to as "Autonomous Defense" or "Heavily-Armed Neutrality." In other words, generally speaking Sweden has relied on its own economic strength to establish its defense system. The national defense plan aims for a "total strength defense" to which all of the nation's people contribute. The "Total Defense" concept that has been adopted centers on professional military defense, but also seeks to incorporate elements of citizen, economic and psychological defense stratagems.

In order that the nation's total strength might be enhanced, medical care, social welfare, police organizations, transportation and communications networks and other public activity sectors can be mobilized, and the various sectors are made to cooperate in such a way that each can display its own capabilities to the greatest degree possible. Thus the defense plan calls for mutual support from these various elements of Swedish society.

On the other hand, I cannot help but feel that in the case of Japan's defense policy, the limited degree to which consciousness concerning defense has permeated the public thinking constitutes a major problem.

In short, the Japanese people are far too apathetic when it comes to the issue of national security. For that reason, basically our most important task is to raise public consciousness in regards to national security. I believe that education is the most important factor in that regard. Next in importance is information. I have grave doubts as to whether Japan's mass media is reporting world events in a timely, accurate manner and whether they are reporting from an objective standpoint. I have the impression that even when it comes to the government there is a dearth of accurate information on what is happening outside of Japans borders. Take, for example, what is currently happening in the Pacific Rim area, what the people in the countries of the region are thinking, or what the current trends are. Consequently, it is extremely difficult for our leaders to make accurate decisions on conditions.

In the area of defense, when it comes to the most vital kinds of information, we continue to rely on a one-sided flow of from the United States.

The problem is that we have become spoiled in this regard. I believe that in the very least we need to have our own satellites to gather defense-related intelligence. Through such preparations we would be able to attain the capability to obtain the intelligence needed for critical analysis in quick and accurate fashion and could then further refine that capability. Moreover, I feel that it is absolutely essential for us to establish the technological base needed if we want to possess such satellites. The Swedes place great emphasis on information. In order that enemy propaganda will prove ineffective, defense consciousness will be increased among the government, and the nation's people will be in the position to make an accurate assessment of the situation, the Swedish government strives to the maximum extent possible to encourage free reporting. For example, even if a mass media organization has an anti- government stance, should that company find itself in difficult business conditions, the government is likely to extend it aid so as to guarantee freedom of reporting.

There is a need to continue to maintain progress when it comes to military technology. For example, even though in the wake of the Cold War there may be quantitative cutbacks in the size of military forces, the remaining units must continue to have superior combat capabilities. In order to guarantee this, we need to be in the position to have the information required for correct understanding and evaluation of the situations we face and at the same time to establish systems capable of flexible responses.

From the standpoints of maintaining and enhancing our military technology capabilities and achieving future increases in the defense budget, from here on out it will be extremely important for us to make great efforts in the area of research so that we can produce weapons systems more cheaply. In the case of the United States, ARPA is already pursuing a program for producing armaments at the lowest cost possible.

Over the long term, adequate education is the most important consideration. As for the defense budgets from next year on, the first thing we need to do is actively move to use the mass media to try to achieve understanding of defense issues among the public. In this regard I believe that we the Self-Defense Agency and defense industries need at once to unite so as to show those lawmakers who have a negative attitude towards defense exactly where they are wrong and to increase their awareness on this vital issue.

For that reason, I think that it is essential that Japan's major companies develop farsighted views concerning their nation's defense.

Deterrence Role of Industrial Base Discussed

OW0206061395 Tokyo BOEI GIJUTSU JANARU in Japanese Apr 95 pp 26-29

[Interview with Kazuo Wakasugi, vice president of Mitsubishi Electric Corporation, by Izumi Tomita, former president of the Defense Technology Association; place and date not given]

[FBIS Translated Text] [Tomita] I understand that in the Great Hanshin Earthquake, Mitsubishi Electric Corporation [MELCO] facilities suffered considerable damage. I would like to ask your views regarding this disaster. I believe that political recognition is increasing regarding the need to protect the public from damage in future natural disasters like this and at the same time to protect the nation's land and populace from threats from attacks of various kinds. I would like to ask your view on this issue, Mr. Wakasugi.

[Wakasugi] Japan must retain a certain degree of self-defense capability to deal with the possible threat of invasion or terrorist attacks, and I believe that the basic mission of the Self-Defense Forces (SDF) or military forces is to make sure that no country will ever consider invading Japan. Military forces first of all must make sure that a vacuum does not develop and that they can maintain peace.

Even so, unfortunately in this world there are individuals like Iraq's Saddam Husayn, and if they threaten us we have to be prepared to repel any attack and defend our homeland. Basically what I am trying to say is that Japan's Self-Defense Forces exist to preserve the peace. The Japanese public seems to believe that Japan might become involved in a war because of the existence of the SDF, but I would like them to realize that to the contrary the SDF exist precisely to prevent Japan from getting into a war. Secondly, the ability to repel such an attack in a time of emergency can be considered as a kind of dike designed to protect the basic social base and the lives and property of the nation's people.

I would note in this regard that the official name for Holland is the Netherlands, which means "land below the water surface," because the nation's land is mostly below sea level. The greatest problem facing Holland is the preservation of its dikes.

This may be compared to the problem of defense. Does not a defense capability amount to the single most important element of a nation's social infrastructure? I would like the Japanese people to understand this point, but unfortunately the issue is rarely discussed in the Diet. Defense Industry Essential to Our Nation's Defense [subhead]

[Tomita] According to comments by the head of the SDF's Bureau of Equipment last year, the Defense Equipment Procurement Forum has been discussing what form Japan's defense industry should assume in the future. With the budget being cut and a number of problems plaguing Japan-US relations, what direction do you think the defense industry should be moving in?

[Wakasugi] I believe that the Japan-US Security Treaty remains extremely important. But I think that it is simplistic to believe that in any time of crisis the United States is certain to come flying to our defense. When you get down to it, it is essential that a nation be responsible for its own defense. In addition, should a crisis not directly be covered by the Japan-US Security

Treaty, the American people are not likely to agree to US involvement. Therefore, I believe that Japan is in a very difficult situation.

First of all, if you are talking about possible autonomous defense, you must realize that it would cost a very large sum to unilaterally defend the entire Japanese Archipelago. As the Gulf War showed, even if you knock out a missile, if you do not knock out all the missile installations of an enemy, then that victory is meaningless.

However, it is a Herculean task to try to stop 100 percent of incoming missiles. So if you put all your eggs into an autonomous defense program and want to totally protect this overpopulated, elongated nation, then you have to be willing to spend enormous sums on armaments. On top of that, we are talking not just about numbers of weapons. We have to be equipped with high-performance weapons. So it is clear that there are a lot of problems remaining before the SDF can act as an effective dike.

Moreover, I think that you have to view a defense industry as one important facet of a nation's base for military power. If it is fragile, then you cannot do anything. The key to defense, I believe, is a nation's own military power and industrial base. This, too, is one kind of deterrence. Prior to and during World War II we had armaments factories run by the military, but now all our factories are in the civilian sector. In a certain sense we are playing the role previously played by Army and Navy-run munitions factories.

In one sense that is quite a rational way of doing things, but these factories nevertheless remain civilian enterprises. But at the same time I would like people to realize that these are not civilian operations at heart but civilian enterprises that incorporate some of the features of military munitions factories. I would also like the Japanese people to realize that military strength is based on well-trained soldiers and military technology. It is clear that the defense industry that is responsible for providing this military technology is an essential element of our defense capability. The Japanese public has to be aware of this and accept responsibility in this regard.

[Tomita] Mitsubishi Electric is one of the prime suppliers for the Japan Defense Agency. What corporate ideals helped you to attain such a position?

[Wakasugi] Mitsubishi traditionally has been a company that strongly believed that it should "grow together with the nation." As I noted earlier, defense is the foundation of a country. And we are proud that the defense industry is essential to the defense effort. We feel that our industry also has a responsibility to defend the nation and that our role in this effort is quite substantial. I think that in this regard Mitsubishi believes that this course of action is only natural and that historically this has been one of our missions.

Secondly, Mitsubishi is technologically oriented. Since we have a burning desire to see Japan's technological strength increased, I think that the two principles of "responsibility" and "emphasis on technology" have become the backbone supporting our defense work.

[Tomita] I understand that profits from your defense work do not account for a large ratio of Mitsubishi Electric's overall profits, but you seem to be in this sector because of your spirit of wanting to defend the country. I also believe it is fair to say that you overcame an extremely formidable technical hurdles in developing the phased-array radar for the FSX fighter. I think that the enthusiasm of those responsible for that project must have been quite impressive.

Those of us at the Defense Agency at that time felt that Mitsubishi Electric displayed great resoluteness in tackling the problems involved. And of course, in the end you achieved a brilliant success. Those of you involved must have been extremely happy with the extraordinary results?

[Wakasugi] It must have been 20 years ago, but I remember how we at Mitsubishi Electric were determined that Japan should develop its own domestic technologies, and in analyzing the future course that technological development was likely to take decided that this area was one with great prospects. Therefore, our company invested a good deal in this sector for the sake of the future.

The entire company supported our efforts in the defense sector. So even though some people at the time questioned whether we were not overreaching, based on the things we had already accomplished we felt that we had the technological insight to make a success of it. And of course all the time we were motivated by the strong desire to succeed in domestic production. That mood pervaded the entire company.

[Tomita] It would seem that because top officials gave their backing you were able to achieve success. Incidentally, when it comes time to mass produce the FSX, will you be given consideration to joint production with the United States?

[Wakasugi] We do not have any plans to engage in joint production of the radar that will be installed in the FSX planes. We already have our production plans firmed up, and we more or less know how many planes will be produced. Any talk about joint production for Japan's

FSX does not apply to the radar or fire control systems (FCS).

However, in a broader sense it is true that the United States is quite interested in Mitsubishi Electric's active phased-array radar. For that reason, we have sold that country part of a module as a sample. Furthermore, I understand that the US defense industry is interested enough in this radar system to have started a study about it. If sometime in the future there should be proposals from a broader perspective for joint production of active phased-array radar, I believe that our company will respond positively. We have told the US side as much. However, this has to do with military technology, so we will have to conform to government policy. Necessary "Direction" and "Sense of Mission" [subhead]

[Tomita] Moving to a discussion of defense equipment in the broader sense, I understand that Mitsubishi Electric is pursuing an aggressive research and development program to which key personnel have been assigned. How have you gone about training these key personnel for this career field?

[Wakasugi] Defense R&D is an especially long-term process. In the case of the FSX radar, it took 20 years from the time that the concept was first developed until the equipment was perfected. Because such very long spans of time are involved, our management has come to understand well about what long-term really means. As for the assignment of technical experts to such special R&D projects, unless things are well planned and the future is carefully anticipated, it takes quite a long time before a project group is able to stand on its own two feet. In the case of Mitsubishi Electric we enjoy certain advantages. Because we have an in-house semiconductor (IC) research division, we can rely on this division for the technical support required by our defense operations. Effective utilization of this support offers numerous merits. When all of the research resources within the company are taken into account, we can draw on the help of approximately 3,000 engineers.

[Tomita] You mean to say that there are interchanges involving engineers from other divisions?

[Wakasugi] Yes. In other words, say we have 400 engineers engaged in R&D operations within the Defense Division, there are several times that number of colleagues working as researchers in other divisions, with whom they can coordinate their efforts. This base for networking is already in place. At Mitsubishi Electric a large percentage of the gallium arsenide we use is targeted for defense purposes. Because R&D in this area is conducted by the IC Division, we enjoy superb backup.

To give a classic example of how important this can be, let me cite the case of the radar being used in the F-22, the next-generation US fighter plane. The main contractor for the radar is Westinghouse Corp. However, that company is actually dependent on semiconductors developed by Texas Instruments Inc. Since this single plane involves systems developed by a number of different companies, I am sure that all kinds of hidden problems have cropped up when it comes to cost, time for development, and interfacing among the various engineers collaborating on the project. The fact that we have not had to deal with such kinds of problems has been a tremendous advantage for us.

[Tomita] When you are considering whether to pursue development of a system, on what factor do you place the most weight? I assume that when you are making your decision you naturally consider whether in the future you will be able to market the system, but when Mitsubishi Electric as a whole is deciding to go ahead with a project what are the most important factors involved?

[Wakasugi] The most important factor is "direction." If we are wrong on that score, then no matter how much money we invest in a project it will not be a success. For that reason, we bring all our concentration and expertise to bear so as not to make mistakes when judging in which direction things are headed. After determining the proper direction, we also have to consider whether there are likely to be customers for the system, how many people and how much money will be required for research and development, and what the profits are likely to be. In the case of defense, it is impossible for anyone to predict what kind of profits you will receive 20 years down the line.

But in the end, clearly determining the "direction" is the most important thing.

For example, in the case of home electric appliances and electronics, you can clearly determine profits and to a certain extent you can estimate what kind of market share you will be able to garner based on analysis of the strengths and weaknesses of your competitors and other factors.

But that is impossible in the defense field. So what I think we have learned up until now is the relative importance of military technology to defense, and that when it comes to the responsibility of the defense industry if you do not have the necessary backbone you will not be able hold the course in long-term development. Consequently, although it is not a case of bending to the wind blowing at any given time, to some degree you must adapt yourself to the "technological flow" if you are to succeed. In short, our company has learned to live according to the principles of "direction" and "sense of mission."

[Tomita] Last of all, opinion appears to be divided regarding theater missile defense (TMD). How do you feel about that issue?

[Wakasugi] I believe that it is important to ensure peace of mind among the public. At present North Korea's Nodong 1 missile constitutes a threat to Japan. In considering the possibility of a crisis in this regard, I think that basically if Japan had the capability of countering this threat, then it would afford the Japanese public peace of mind. But when you get down to practicalities, the simple fact is that a deterrent would cost quite a lot of money. And you would not be able to achieve complete protection no matter how much money you were prepared to spend. We should seek a balance between the amount of money we spend and national strength. No doubt we could not do it overnight, but in the long term I believe that we will have to develop such a defense system.

We at Mitsubishi Electric admittedly are quite interested in it and since we have an in-house research organization, we have done the initial spadework so that we could undertake a full-fledged study at any time. However, in practical terms I see this as being to a certain extent a long-term problem that should be dealt with over the long-term.

Instead of just rushing into such a program, I think we should study it thoroughly while carefully ascertaining the direction of public opinion on the issue, and should develop a concrete program from a long-term perspective. That is because this is a fundamental problem for the entire nation.

Be that as it may, at least when it comes to peace of mind for the nation's people, this is something that you cannot expect when Japan totally lacks the capability to respond to an attack.

I hope that if such a crisis arises, the public will not start questioning how much the Defense Agency has spent and what it had done to prepare for such an eventuality. (Now is the time to recognize realities.)

[Tomita] Thank you for giving us your lucid views today on defense issues, the defense industry and defense technologies, based on your extensive experience in the field.

NEC Adviser on Defining Dual-Use Technology

OW0206062295 Tokyo BOEI GIJUTSU JANARU in Japanese Apr 95 pp 2-3

[Article by Michiyuki Uenohara, special adviser to NEC Corporation]

[FBIS Translated Text] Several years ago while I was working at Bell Laboratories in the United States, I received a "Secret" clearance and participated in research and development projects related to defense technologies. After returning to Japan, I became involved in the issue of friction regarding advanced technologies and expressed my views on the subject in the Diet, and in various negotiations and other forums. Especially when it came to the question of Japan-US relations, I suffered many trials and tribulations and on numerous occasions could not help but feel acute resentment towards self-serving pronouncements by the US side that made my head spin. On such occasions, I had to conclude that such things were only possible because of differences in the Japanese and American cultures and the skewed political atmosphere in which Japan has been trapped during the postwar era.

The idiom "dual-use technology," like "generic technology," is a relatively new expression that the US side started using back during the late 1980s. One day during a Japan-US science and technology cooperation conference, a member of the US delegation used this term out of the blue. This caused consternation on the Japanese side and we asked for clarification. However, the US delegation was unable to give any clear definition, but during our informal get-together later both sides got into an in-depth discussion on the matter and were able to agree on several points in this regard.

I got the distinct impression that this term was concocted by some group of strategists in Washington D.C. to manipulate the Japanese delegation and lead the negotiations in a direction favorable to the United States.

For an individual like myself who has spent many years involved in R&D, it is clear that superior basic technology not only has a long life span but also has an extremely broad impact on spin-off technologies. That goes for multiple-use technologies, to say nothing of dual-use technologies.

Until the end of the Cold War, the phrase dual-use technologies was hardly used at all. Even during the Cold War period, the US military recognized the superior quality of Japanese military technologies. It also realized that civilian technologies refined by the private sector thanks to the large demand of the market were being effectively utilized in this sector. And this knowledge was sporadically made use of during Japan-US negotiations. But the question remains why the expression dual-use technologies suddenly came into vogue.

In principle, dual-use technologies are by their very nature intended to be used by both military and civilian industries. In the case of the United States, from the end of World War II until now military research has resulted in landmark technological breakthroughs and the invention of new technologies. That has led to the belief that such research can cause spin-off technological improvements in private industry. That trend probably held true to a large extent up through the 1960s.

However, in most cases because of severe restrictions in the name of national defense, there has been almost no real transfer of military technologies to the civilian sector. So when US policy makers viewed the remarkable results in Japan in regards to the "spin on" use of civilian-developed technologies for military purposes, they could find little solace in the way that funds have been used domestically for military research purposes. Therefore, I believe their use of this new term represents an attempt to promote a change of consciousness.

For our part, one point of considerable concern for the Japanese delegation was that in the name of defense the US side seemed to be wanting to put restrictions on free trade when it comes to dual-use technologies. This is hardly likely to promote healthy trade policies. In fact, these fears have become reality and have spawned various problems.

For example, during bilateral Japan-US meetings to exchange opinions on COCOM operations, the US side has raised the question of dual-use technologies and has proposed the drafting of rules to regulate them. During these negotiations I made a proposal of my own. I suggested that all regulations should be abolished, at least when it comes to hardware.

My justification for this position was that although it is true that in many cases because of advances in information technologies modern advanced military technologies have made great strides, without the required application software the relevant hardware amounts to nothing more than an empty box, a useless hunk of metal. The bulk of US R&D spending is undoubtedly being directed towards the development of such application software. C3I technologies, for example, are a type of software. My view was that if the required software remains carefully guarded, then it will be possible to protect modern military power. Nevertheless, with the exception of the head of the US delegation, the members of both the Japanese and US delegations all ignored my proposal. Most likely they did not understand what I was getting at.

The steady cuts in defense expenditures since the end of the Cold War will surely have an impact on US research and development efforts. For one thing the cuts in R&D spending seem likely to deal a severe blow to US universities. However, at least up until now through vigorous action universities have managed to minimize cuts in the money provided them for defense research, partly because of money given them by the Department of Defense for research into dual-use technologies. In this way, they have been able to avoid wholesale cuts in R&D funding.

Thus sometimes effective use of language can be expedient in helping one to avoid a crisis. In that respect, it might be said that when it comes to differences in awareness about defense problems between the Japanese and Americans, we need to keep in mind the relative sense of crisis in the two countries. I think it fair to say that in the United States it has gone too far while in Japan we have been too laid-back about the whole business.

In the wake of the Great Hanshin Earthquake, debate on the need for a crisis control system quickly came to the fore. However, it has been limited to the area of local disasters and as usual national defense questions remain taboo.

How much money has been appropriated for the development of application software for defense purposes? When it is almost impossible to get funding for field exercises, how can you expect for Japan to be able to develop its own application software? That is one reason why spin-on applications of civilian technologies are essential. With such a small budget, Japan is not in the position to emulate the United States and escape a crisis through the use of rhetorical flourishes.

I wonder if it would not be possible to get a hefty increase in the defense budget, whether it be for the sake of military research or even for research into dual-use technologies.

Igarashi on Reaching Diet Resolution on War

OW0506040195 Tokyo KYODO in English 0339 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — The government hopes the three ruling coalition parties will reach a compromise on a proposed resolution commemorating the 50th anniversary of the end of World War II, a spokesman reiterated Monday [5 June].

"A resolution marking the 50th anniversary of the war's end forms a core of the policy agreement the three parties reached in launching this cabinet," Chief Cabinet Secretary Kozo Igarashi told a news conference.

"Needless to say, the realization in line with the accord will support the legitimacy of this coalition government," he said. "In this sense, we do expect the three parties to make further efforts to help pass such a motion."

Igarashi, a senior member of Prime Minister Tomiichi Murayama's Social Democratic Party (SDP), said Saturday the SDP will have to make a "grave determination" if the ruling parties fail to strike a deal on a planned resolution.

His comment followed Murayama's earlier statement that he will face a political situation with a "grave determination," a phrase that when used by the Japanese premier normally signals his intention to dissolve the House of Representatives for a snap general election.

At present, the three ruling parties, also including the Liberal Democratic Party (LDP) and New Party Sakigake, are in the middle of last-ditch efforts to reach an accord on the shape of a draft Diet declaration.

They failed to narrow their differences on the wording Friday when the SDP rejected a compromise proposal from the LDP.

In the face of the SDP's adamant demand, the LDP, the dominant force in the tripartite coalition, agreed to include in a draft motion the terms of "acts of aggression" and "colonial rule."

However, the LDP proposal does not assign responsibility to Japan for the wartime actions but to then major world powers. The SDP's resultant rejection of it led the three parties' conclusion of negotiations to slip into this week.

Igarashi turned down an LDP proposal that a government "no-war" statement make up for a Diet resolution, a call for substantial concessions from each coalition party over the wording of a Diet resolution.

"The Diet is an independent body," he said, adding, "of course, the government is ready to issue such a statement, but it can be no substitute (for a Diet resolution)."

"We strongly hope the Diet will pass a full-fledged resolution for its own sake," Igarashi added.

On former Foreign Minister Michio Watanabe's remark denying Japan's colonial rule over the Korean peninsula, Igarashi declined comment, saying Watanabe is currently in no responsible position in the government.

But he reiterated Japan's 1910-1945 colonial rule over the peninsula did cause great suffering for the people there, adding Japan feels deep remorse for the wartime victimization of Korea.

LDP's Proposal on 'No-War' Motion Rejected

OW0206150095 Tokyo KYODO in English
1444 GMT 2 Jun 95

[FBIS Transcribed Text] Tokyo, June 2 KYODO — The Social Democratic Party (SDP) [of Japan, SDPJ] on Friday [2 June] evening rejected a compromise proposal by its coalition partner the Liberal Democratic Party (LDP) on the wording of a planned Diet resolution to commemorate the 50th anniversary of the end of World War II, thereby delaying any agreement to next week, coalition sources said.

The SDP's refusal put into jeopardy a crucial understanding among the three parties constituting the ruling coalition — the SDP, the LDP and the New Party Sakigake — over the issue.

A failure of an accord could lead to collapse of the ruling coalition as SDP Chairman and Prime Minister Tomiichi Murayama has said he would take such a development "very seriously."

The LDP, the largest component in the ruling coalition, presented to the SDP a compromise resolution, including words on Japan's "acts of aggression" and "colonial rule" in Asian countries and "soul- searching" over the history.

"In a period when major powers were competing in aggressive acts and colonial rules over other countries, Japan, amidst that situation, thought about its own safety and eventually fought wars with many countries," the LDP draft says.

"We should learn humbly the lesson of history that the ravages of the war inflicted pains on many people and take it as food for thought for our soul-searching in order to build a peaceful international society."

The SDP said the LDP proposal is unacceptable and that the differences between them over the text of the resolution are difficult to bridge immediately.

The coalition partners decided to continue negotiations next week, the sources said.

The LDP proposal came in response to the demand by the SDP and New Party Sakigake that the terms "acts of aggression" and "colonial rule" be included in any draft motion.

The three parties struck a policy accord last June to strive for passage of such a resolution through the Diet this year. The current Diet session will end June 18, and the coalition had set Friday as the deadline to produce a draft resolution.

Many members of the LDP leadership have come to consider a concession necessary in order to maintain the tripartite coalition, LDP sources said.

However, a number of participants in a Friday noon meeting of the LDP Executive Council said the party should not easily concede, the sources said.

SDP Secretary General Wataru Kubo suggested to reporters that his party is also ready to concede on the wording.

LDP members asked their SDP counterparts in the coalition panel meeting to drop its plan to have the resolution include descriptions on Asian women forced to provide sex for Japanese soldiers, according to coalition sources.

In the morning, all ministers of Murayama's Cabinet called for the three ruling parties' efforts to reach a compromise on the proposed resolution.

As the SDP and Sakigake are threatening to break up the coalition, it is up to the LDP whether the three parties can find middle ground over the wording of a draft motion by their Friday deadline.

Foreign Minister Yohei Kono said at a news conference earlier in the day that he, as president of the LDP, would strive to build consensus within his party on what should be included in a draft resolution.

In saying that he was working to draw up a final plan, Kono referred to "a variety of opinions within the LDP." A large number of LDP legislators are opposed to passage of a no-war declaration through the diet.

Takemura Urges Apology for War 'Atrocities'

OW0406112695 Tokyo KYODO in English 1048 GMT 4 Jun 95

[FBIS Transcribed Text] Yokohama, June 4 KYODO — Finance Minister Masayoshi Takemura called Sunday [4 June] for a Japanese apology for atrocities committed by its soldiers during World War II as he addressed a rally marred by rightist harassment.

"It is an indisputable fact that Japan went to foreign countries and forced millions, tens of millions of people to be sacrificed. We should candidly apologize to the world," Takemura said, speaking from atop a campaign vehicle.

Takemura, who heads new party Sakigake, the smallest of the three ruling coalition partners, later began a question-and-answer session with citizens in the party's first attempt at policy dialogue with voters. About half an hour into the session, however, several men believed to be rightists cut in, demanding they also be allowed to question and threatening to kill the party leader if he helps the Diet pass a proposed antiwar resolution.

The rally was forced to adjourn about 20 minutes ahead of schedule.

The party and Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ] remain at loggerheads with their dominant coalition partner Liberal Democratic Party (LDP) over the wording of the resolution.

The SDP and Sakigake want the resolution to mention "acts of aggression" and "colonial rule" as part of Japan's wrongdoings during the war, a move opposed by the LDP, led by Foreign Minister Yohei Kono.

Watanabe Apologizes for Korean Annexation Remark

OW0506134295 Tokyo KYODO in English 1319 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Former Foreign Minister Michio Watanabe apologized Monday [5 June] for remarks he made last week claiming that Japan's 1910 annexation of the Korean Peninsula was concluded "peacefully" through a treaty.

Watanabe's remarks were widely criticized in South Korea where memories of Japan's 1910-1945 colonial rule still give rise to feelings of anger and resentment.

On Monday, Watanabe said that the 1910 treaty was concluded within the historical context of international relations of the day.

He apologized, however, for suggesting that the treaty was concluded "peacefully," saying the word "peacefully" should be dropped from his remarks.

Watanabe added, "I frankly admit as a private individual that during Japan's 36-year rule over the Korean peninsula, the people of Korea throughout the peninsula were subjected to unbearable sufferings for which I'm very sorry."

Watanabe also said that Japan must not elude its "moral and political responsibilities" for its domination of Korea under the annexation treaty, even though the treaty on basic relations of 1965, which established full diplomatic relations between Tokyo and Seoul, declared all previous treaties as "invalid."

Earlier Monday, South Korean Prime Minister Yi Hong-ku expressed deep concern over Watanabe's remarks, telling a meeting of senior officials, "the government, as well as all of the South Korean people can't but express shock and dismay over Watanabe's remarks," YONHAP News Agency reported.

Watanabe, a Liberal Democratic Party member, told a meeting of the party's Tochigi prefectural chapter Saturday that the treaty by which Japan annexed the Korean peninsula in 1910 was signed harmoniously.

"It was a treaty formed peacefully, in which no words about colonial rule were written," said Watanabe, who led a parliamentary delegation to Pyongyang in March for talks with the North Korean ruling party.

Yi also warned that Japan should not make light of remarks which run counter to historical facts and consider it as an opportunity to do deep self-reflection, YONHAP said.

Watanabe's remarks expressed his opposition to a demand by the Social Democratic Party [of Japan] that a draft Diet resolution include the terms "colonial rule" and "acts of aggression."

In 1910, Korean Prime Minister Yi Wan-yong and Japan's resident Governor in Korea, Masatake Terauchi, signed a treaty annexing Korea to Japan, bringing an end to Korea's independence.

During Japan's colonial rule of Korea, Koreans were forced to assume Japanese names and worship at Shinto shrines, while tens of thousands of Koreans were transported to Japan for forced labor.

Kono on Issues Discussed at Cabinet Meeting

OW0206121595 Tokyo Asahi Newstar Television Network in Japanese 0145 GMT 2 Jun 95

[News conference by Foreign Minister Yohei Kono with unidentified domestic reporters at the Foreign Ministry on 2 June, moderated by an unidentified official — recorded; from the "Flash Report: News Conferences" program]

[FBIS Translated Text] [Kono] Good morning. I would like to brief you about the cabinet meeting and other issues. The cabinet meeting concluded after the prescheduled matters were approved. At the informal talks among the cabinet ministers, opinions were voiced on two topics: First, regarding the tripartite accord [on the Diet no-war resolution], a number of ministers said that a compromise should be worked out. The other topic was about economic issues. About five ministers voiced their opinions on the problem about commodity prices and on the need to make efforts to ensure that our economy will move toward further recovery. In conclusion, the prime minister urged cabinet ministers to make utmost efforts to help pass the remaining bills now that the current Diet session is coming to a close, and at the same time deal with economic problems by making further efforts in their respective areas. He stressed that, in particular, the passing on of the benefits of the strong yen to the people, the gap in commodity prices at home and abroad, and deregulation are important points that need to be noted. That is all.

[Official] Please go ahead with your questions.

[Reporter] There seems to be a lot of turmoil within the Liberal Democratic Party [LDP] over reaching a consensus on the Diet resolution. How do you intend to solve this problem?

[Kono] There are differing opinions within the LDP, and therefore, we are currently trying to work out a final consensus while listening attentively to such opinions.

[Reporter] Is this what you discussed with the prime minister after the cabinet meeting?

[Kono] No, there were other issues we had to discuss.

[Reporter] There seems to be strong [words indistinct] that unless the LDP moves toward a compromise, the tripartite accord cannot be realized. How do you intend to deal with this?

[Kono] According to the tripartite accord, efforts are to be made to draw up a Diet resolution on the occasion of this year — this year being the 50th anniversary of the end of World War II. As this accord exists, we must sincerely strive to ensure that it is realized. The LDP, the Social Democratic Party of Japan, and the Sakigake [Harbinger] are to all sincerely make efforts toward that end — to help realize that accord. I believe that the LDP will strive just as hard as the other parties.

[Reporter] Are you confident about building a consensus within the LDP?

[Kono] I feel a consensus can be achieved.

[Reporter] Can that be done by today?

[Kono] I cannot answer that, but since the issue has been tentatively shelved till today with the three parties resuming discussions on the matter today, I think it will be necessary to make efforts to work out a consensus within the LDP.

[Reporter] What specific opinions regarding the Diet resolution did the cabinet ministers voice during the informal talks?

[Kono] We formed the government in line with the Diet resolution, and that is why we are here as cabinet ministers. We have done a good job in the past year, and with this in mind, we feel that, as members of this government, we should stick to the tripartite accord.

[Official] Excuse me, but the minister has a busy schedule, so we would like to conclude the news conference at this point.

[Reporter] You just said in line with the Diet resolution, but I believe you meant in line with the accord.

[Kono] Yes, you are right, I meant accord.

NFP Unlikely To Table No-Confidence Motion

OW0306070295 Tokyo KYODO in English
0655 GMT 3 Jun 95

[FBIS Transcribed Text] Tokyo, June 3 KYODO — The largest opposition Shinshinto (New Frontier Party [NFP]) is not likely to bring forward a no-confidence motion against the government of Prime Minister Tomiichi Murayama to the current Diet session, according to party members.

Vice President Tsutomu Hata, former prime minister, and some younger members of the party contended that Shinshinto should submit the motion to the current session ending June 18 so the party, which is suffering from slumping support and the resignation of some of its members, can make a public appeal for its presence as the main opposition party.

However, the party leadership is leaning toward not taking the action because the ruling coalition of the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake is enhancing its unity and the no-confidence motion, even if tabled by Shinshinto, is likely to be easily rejected, some members said.

"It's meaningless if (a no-confidence motion) is to be submitted just as an attention-drawing tactic," said chief party strategist Ichiro Ozawa.

The party's youth leader critical of the leadership, Hajime Funada, once threatened to collect the minimum 50 supporters required to sponsor a no-confidence motion.

But he has since changed his mind, leaving the issue to the leadership on grounds it is a matter requiring "high political judgment."

In addition, discussions for choosing candidates to run in the next House of Representatives elections are not progressing well inside Shinshinto, so the party does not want to face the next lower house elections too soon which may ensue in the aftermath of such a motion, members said.

Some party members have already predicted that Japanese politics will not undergo any change until after a House of Councillors election slated for July. Shinshinto leaders will decide on whether or not to submit a no- confidence motion by the end of next week, the members said.

Tokyo, June 3 KYODO — Speaking Saturday in Fukuoka, Southwestern Japan, party head Toshiki Kaifu did not rule out the possibility of resorting to such a motion.

"When we do this (submit a no-confidence motion), we should be prepared to face anything... We will make a judgment taking various things into account," the former prime minister told a press conference.

Shinshinto Unveils Policy Platform

OW0506084295 Tokyo KYODO in English
0825 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Japan's largest opposition party on Monday [5 June] unveiled a policy platform featuring a 10 trillion yen pump-priming package, in preparation for fighting July's House of Councillors election.

Shinshinto (New Frontier Party [NFP]) said it will seek to cut the number of central government ministries and agencies to 16 from the current 20 and introduce a consistent education system for junior and senior high school students.

Among other features, the policy platform calls for debate over a period of four to five years over a new constitution tailored to Japan in the next century, party officials said.

It does not touch on the issue of whether to raise the consumption tax, apparently taking into account the likely negative effects of the issue on the coming upper house poll.

The policy guideline underlines the need for reforms, saying that "a future Japan cannot be built without reforms of the existing system."

It also blasts Prime Minister Tomiichi Murayama's coalition cabinet as a cabinet opposed to reform and satisfied with the status quo, thereby bringing the nation to collapse.

Shinshinto plans to select urgent tasks to be implemented within three years out of the more general policy platform and make them public before the election, party officials said.

Hata: Murayama Resignation 'Correct Choice'

OW0306095795 Tokyo KYODO in English
0938 GMT 3 Jun 95

[FBIS Transcribed Text] Fukuoka, June 3 KYODO — The deputy head of Japan's main opposition party

Shinshinto (New Frontier Party) urged Prime Minister Tomiichi Murayama on Saturday [3 June] to resign for his lack of leadership over key policy issues, including a proposed Diet antiwar resolution.

"Prime Minister Murayama is mired in a situation where he cannot display a leadership role," former prime minister Ttutomu Hata said in Fukuoka, Southwestern Japan.

"It will lead to a correct choice to save Japan if he steps down as soon as possible," Hata, vice president of Shinshinto, said in a street speech.

He accused Murayama of being unable to lead his tripartite ruling coalition to a compromise over the wording of a resolution commemorating the end of World War II.

Murayama's Social Democratic Party [Social Democratic Party of Japan — SDPJ] and its small coalition partner, new party Sakigake, are at odds with the dominant partner Liberal Democratic Party over what to say in the resolution.

The leaders of the three parties are to work out a compromise on the wording Monday.

Murayama on Keeping Premiership After Jul Poll

OW0506094895 Tokyo KYODO in English
0935 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Prime Minister Tomiichi Murayama hinted Monday [5 June] his desire to continue serving as head of the government following the House of Councillors election in July, in which his Social Democratic Party [of Japan] (SDP) [SDPJ] is widely expected to lose many seats.

Murayama said in a meeting with reporters, "one way of thinking is that they (the Japanese people) indicate trust in us if the three (ruling) parties together take a lot of seats."

He is apparently following the opinions of some senior officials in the tripartite coalition that Murayama need not take responsibility for the SDPJ's expected electoral setback if the three parties together win a majority in the second chamber.

Murayama said he is currently not thinking about what he should do if his party loses in the upper house election, adding that he will put his utmost effort into winning as many seats as possible for the SDPJ.

He said the SDPJ hopes to win at least 22 seats as it did in an upper house poll three years ago. The party captured 46 seats six years ago.

Murayama said the three parties — the SDPJ, the Liberal Democratic Party and New Party Sakigake [Harbinger] — will expedite the drawing up of a new policy accord to prepare for the upper house poll.

The premier said the creation of a new tripartite accord will not be connected with the issue of whether or when he should reshuffle his 11-month-old cabinet.

He also denied the possibility that a general election of the more powerful House of Representatives might be held simultaneously with July's upper house poll. The current term of office of lower house lawmakers will expire in the summer of 1997 but the next election is expected to take place earlier.

The new accord is likely to include agreements on how the three parties would deal with crisis management, the construction of a safer society, pump-priming, economic structural reform, deregulation and public access to administrative information, he said.

South Korea

Foreign Ministry Spokesman Discusses Reactors

SK0506104995 Pyongyang KCNA in English
1043 GMT 5 Jun 95

["Foreign Ministry Spokesman on Range of Provision of LWRs" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — It is unrealistic of the U.S. side to try to oblige the DPRK to make initial investment as the buyer as in normal business transaction in relation to the range of the provision of light water reactors [LWR].

The remark was made by a spokesman of the Foreign Ministry of the Democratic People's Republic of Korea in an interview with KCNA today concerning the DPRK-U.S. talks that have taken place in Malaysia since May 19.

The spokesman told KCNA:

After the breakdown of the DPRK-U.S. working-level negotiation on light-water reactors in Berlin, the U.S. side proposed to hold talks between the DPRK and the United States. We responded to the proposed talks in order to finally ascertain whether the U.S. is willing to settle the problem, or not.

Both sides have been discussing various controversial issues related to the provision of light-water reactors.

As for the choice of the reactor model, one of the key issues related to the provision of LWRs, we have consistently maintained since the issue was raised that we attach importance to what country's technology and design the reactors are based on, rather than where they are manufactured.

But the final agreement has not yet been reached because the U.S. side has raised unreasonable conditions as regards the issue, while persistently pursuing a political purpose.

The issue of choosing the LWR model should be resolved by the DPRK and the United States.

The range of provision concerning the delivery of LWRs has also been raised as a crucial matter at the talks.

Since the U.S. is obliged, according to the DPRK-U.S. framework agreement, to provide the DPRK with complete sets of LWRs on its responsibility in exchange for the DPRK's freeze of graphite-moderated reactors, it is out of question that the U.S. should be responsible for the whole of the project including the adjustment of the construction sites and the infrastructural construction.

It is only too clear that as the provision of LWRs is a product of the political compromise between the DPRK and the U.S., general norms or practice of trade are not applicable to it.

The DPRK-U.S. framework agreement requires an implementation based on verification, not on trust.

This is why we have made clear that we will invest no penny until the building of LWRs is completed through the initial stage including the adjustment of the construction sites and all the conditions necessary for their operation provided.

In view of the political character of the LWR issue, in the long run, the issue can be resolved satisfactorily only when the U.S., not confining itself to delivering complete sets of LWRs to the DPRK, resolves the range of the provision of other things related to them in a fair way.

Foreign Media Laud DPRK Position on Reactors

SK0306043595 Pyongyang KCNA in English 0426 GMT 3 Jun 95

["U.S. Must Not Insist on 'South Korean Model'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — Foreign mass media gave wide publicity to the principled position of the Democratic People's Republic of Korea toward the issue of light-water reactors.

The May 28 edition of the Syrian paper AL SAURA [spelling of newspaper as received] reported the interview of the spokesman of the DPRK Foreign Ministry with KCNA on May 27. It quoted the spokesman as telling KCNA in Pyongyang that the United States must not insist that the "South Korean model" of light-water reactors should be accepted as part of the bilateral nuclear agreement; because there exists no such reactor; if any, they are based on U.S. design and technology. It is ridiculous of the South Korean authorities to offer reactors based on U.S. technology to the North after naming them after South Korea.

The May 29 edition of the Jordanian paper JORDAN TIMES carried an account of DPRK-U.S. talks, saying:

North Korea contended that "South Korean model" reactors proposed by the U.S. are unregistered, false ones and that many nuclear energy experts of the world say they do not know of the "South Korean model." In other words, they are not recognised internationally and accordingly, not known on the world reactor market.

North Korea also charged that the United States is scheming to unleash a nuclear war on the Korean peninsula in conspiracy with South Korea and Japan and that nuclear warmaniacs of the U.S. have worked out a dangerous war plan of dropping nuclear bombs on the north of Korea and are staging war games with the South Korean puppets against the DPRK in the sky and on the ground and the sea.

Pyongyang warned that if the Kuala Lumpur talks come to a failure, it will resume its nuclear activities.

The ANTARA news agency of Indonesia on the same day reported under the title "North Korea: No South Korean Model Reactor":

In an interview with KCNA on May 27, the spokesman of the Foreign Ministry of North Korea said the United States must not urge Pyongyang to accept the "South Korean model" reactors. The spokesman said "It is well known to the world that there are no light-water reactors made by South Korea. If any, they are based on U.S. design and technology."

The Nepalese paper RISING NEPAL, the Malaysian papers UTUSAN MALAYSIA and NEW STRAITS TIMES, the Jordanian paper AL-RA'Y and the Syrian Radio and paper TISHRIN also reported the principled position of the DPRK toward the issue of light water reactors.

U.S. Congressman Richardson Visits DPRK

Arrives 3 Jun

SK0306132395 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 3 Jun 95

[FBIS Translated Text] U.S. Congressman Bill Richardson and his entourage arrived in Pyongyang by plane on

3 June. Ho Chong, adviser to the Foreign Affairs Committee of the Supreme People's Assembly, welcomed them at the airport.

Meets Yang Hyong-sop, Ho Chong

SK0506052595 Pyongyang KCNA in English 0440 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Chairman of the Supreme People's Assembly of the Democratic People's Republic of Korea Yang Hyong-sop met and had a conversation with Bill Richardson, member of the House of Representatives of the United States, and his party when the latter paid a courtesy call on him at the Mansudae Assembly Hall on Sunday.

Present there was Ho Chong, advisor of the Foreign Affairs Committee of the Supreme People's Assembly.

Meets Kim Yong-sun

SK0506105995 Pyongyang KCNA in English 1044 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Chairman of the Reunification Policy Committee of the Supreme People's Assembly [SPA] Kim Yong-sun today met and had a conversation with Bill Richardson, member of the House of Representatives of the United States, and his party.

Present there were officials concerned.

Daily Warns 'Small Accident' Could Unleash War

SK0306051295 Pyongyang Korean Central Broadcasting Network in Korean 1224 GMT 2 Jun 95

[NODONG SINMUN 2 June commentary: "Unchanged Ambition for Military Crushing"]

[FBIS Translated Text] The 24 May issue of the U.S. newspaper STARS AND STRIPES reported the United States recently conducted a large computer mock exercise simulating a Korean war at its U.S. Army base in Fort Leavenworth, Kansas, United States, mobilizing ultra-tech communications and weapons system. The mock exercise, codenamed Prairie Warrior, is said to be aimed at a Korean war in the 21st century. Phoenix, a new computer system that promises a tactical advantage, was introduced at the exercise.

That the United States has conducted a large computer simulation war exercise is another new and dangerous development in its war maneuvers against the DPRK. This clearly shows the U.S. policy and aggressive ambition to crush the DPRK militarily have not changed a bit, and the U.S. may ignite another war on the Korean peninsula at any time. All U.S. military moves on the Korean peninsula and its surroundings faithfully serve this purpose.

On 12 May, the United States brought such up-to-date military equipment as M1A1 tanks and armored vehicles into South Korea. Prior to this, it introduced dozens of multi-purpose rapid-transit vehicles into South Korea.

The United States is attempting to successively deploy new operations equipment in South Korea on a large scale. Together with the arms buildup, the United States is running amok in its staging of war exercises. In May alone, almost every day the United States engaged in reckless playing with fire, including a large war exercise that replaced the Team Spirit exercise, in collaboration with the South Korean puppets. The anti-Republic war frenzy by the United States grows worse with each passing day.

The United States raises a hue and cry about a surprise attack from us. This is deceptive propaganda to justify its war maneuvers, which are now becoming all the more undisguised in South Korea.

Our people, ever exposed to the danger of war by the United States, value peace more than anyone else. We resolutely oppose a war that would bring about the nation's misfortune and calamity. We have declared more than once that ensuring a durable peace on the Korean peninsula is the invariable stand of our Republic. Our peace-loving stance and efforts are recognized by the entire world.

The question now depends on the United States. What the United States wants is not peace on the Korean peninsula. Its real intention is to aggravate tensions and military confrontation on the Korean peninsula, and eventually engage in a war adventure to crush us.

Due to U.S. military adventures, the situation on the Korean peninsula has not been eased, and a phase of dangerous war has been created. In order to relax this situation, the Armistice Agreement must be replaced with a peace agreement, and a new peace system must be established. As it stands, the Armistice Agreement is for arbitrating the fighting, not for ensuring a durable peace. However, even the armistice system has been destroyed by the United States.

The United States and we are in hostile relations. Under such a circumstance, war can be unleashed by a small accident.

The situation prevailing on the Korean peninsula requires the immediate establishment of a peace mechanism. The United States is turning its back on our proposal because it is attempting only to ignite war.

There is nothing the United States can get by the way of strength. Military options do not work on us. We are not afraid of any anti-Republic military action, and are ready to decisively smash it. It would be foolish and reckless for the United States to attempt to do something to us through a bluff. The United States should give up its anachronistic attempt to invade the DPRK and stop its anti-Republic war commotions.

'Military Provocations' Against North Decried

SK0306045795 Pyongyang KCNA in English 0453 GMT 3 Jun 95

["War Exercises and Military Provocations Against North Continue" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — The U.S. imperialist warmaniacs and the South Korean puppets on June 1 carried out a war exercise against the North with the sky above Oeyon and Anmyon Islets and Sangdong as an operational theatre, involving scores of various kinds of overseas-based assault planes and more than 710 fighters and reconnaissance planes belonging to the U.S. imperialists' Seventh Air Force and the puppet airforce, military sources said.

On the same day, about 40 U.S. airforce fighters that flew to the sky above Chunchon, Uijongbu and Kaphyong had a strike exercise for support to the puppet army's tank, armoured vehicle and motorized infantry units in an exercise for attacking the North.

In another development, over May 31-June 1, the South Korean puppets brought recoilless guns, 12.7mm machine guns and a number of puppet army soldiers armed with heavy and automatic weapons into various places of the Demilitarized Zone (DMZ) in the western, central and eastern sectors of the front, and whipped up a war fever, threatening the safety of the North side's civil policemen.

The ceaseless war exercises and military provocations of the U.S. imperialist warmaniacs and the Kim Yong-sam clique of traitors against the northern half of Korea indicate that they are watching for a chance of aggression behind the scene of nuclear negotiations.

The U.S. imperialists and the South Korean puppets must squarely see the trend of times and behave with discretion.

Spokesman Denounces USFK, Kim Yong-sam Group

SK0506053295 Pyongyang KCNA in English 0446 GMT 5 Jun 95

["Intensive Anti-U.S., Anti-Kim Yong-sam Struggle Called For" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — A spokesman of the National Democratic Front of South Korea issued a statement on May 25 denouncing the recent criminal acts of the U.S. imperialist aggression forces in South Korea and the flunkeyist treacheries of the Kim Yong-sam group defending them, the Seoul-based radio Voice of National Salvation reported.

The spokesman said the continued brutal crimes of the U.S. aggression forces are brigandish acts resulting from their intrinsic nature and harsh violations of human rights that can be possible only in South Korea, a colony of the United States.

He added that the more arrogant behavior of the brutal U.S. soldiers is attributable to the South Korea-U.S. "Status-of-Forces Agreement" which is aggressive and dependent and to the pro-U.S. flunkeyist traitorous "government."

"If we are to terminate the 50 years of U.S. soldiers' crimes and live a dignified life as an independent people, we must overthrow the traitorous and fascist political system, abolish all the inequitable treaties and agreements between South Korea and the United States and establish an independent, democratic government," he stressed.

He called on all people to intensify the anti-U.S., anti-Kim Yong-sam struggle for independence.

Assault on Taxi Driver by U.S. Civilian Cited

SK0406010595 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 3 Jun 95

[FBIS Translated Text] According to broadcast reports from Seoul, criminal acts by the U.S. imperialist aggression forces in South Korea occur almost every day.

On 1 June, a case occurred in which a civilian employee of the U.S. Army beat a South Korean taxi driver, arousing the people's indignation. On this day, Flamin Jojif [name as heard] committed an act of outrage and beat the taxi driver, who demanded the fare, seriously injuring him.

USFK Urged To Apologize for Soldiers' Crimes

*SK0506102295 Pyongyang KCNA in English
1014 GMT 5 Jun 95*

["U.S. Forces Command Urged To Make Open Apology" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The headquarters of the Movement for Eradicating U.S. Soldiers' Crimes in South Korea held a meeting in Seoul on June 2 and urged the U.S. forces command in South Korea to make an open apology for the recently continued crimes of American soldiers, a radio report from Seoul said.

The South Korea-U.S. "Status-of-Forces Agreement" is profitable only to the U.S. side, the headquarters contended, and declared: The headquarters will launch a signature campaign involving all the people for an overall amendment of this unequal agreement.

ROK Group Wants U.S. Soldiers Punished

*SK0306103495 Pyongyang KCNA in English
1004 GMT 3 Jun 95*

["Punishment of U.S. Criminals Urged" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — The South side headquarters of the National Alliance for the Country's Reunification reportedly issued a statement on May 25 urging the authorities to punish the criminals of the U.S. Army.

The South Korean "Government" is to blame, before anyone else, for the ceaseless crimes committed by U.S. soldiers these days in South Korea, said the statement, adding:

Our recognition is that the 400-odd diplomatic documents including the "South Korea-U.S. Mutual Defence Pact" are servile documents specifying no rights but obligations to South Korea.

The "Status-of-Forces Agreement" between South Korea and the United States must be revised. The U.S. military presence in this land is not a way of fundamental solution to the nation's affairs. So, a phased withdrawal of U.S. troops is inevitable.

The victims of the crimes committed by U.S. soldiers must be compensated to such an extent that they can understand. Freedom of the civic movement for the restoration of the national spirit of independence and self-respect must be guaranteed.

ROK Reaction to U.S. 'Atrocities' Denounced

*SK0406083895 Pyongyang KCNA in English
0832 GMT 4 Jun 95*

["We Will Make Them Pay Dearly For Blood" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — NODONG SINMUN today comments on the atrocities of the U.S. imperialist aggression forces which are becoming all the more frequent in South Korea as days go by.

Pointing out that their atrocities are unthinkable apart from the despicable flunkeyist treacheries of the Kim Yong-sam group, the analyst of the paper says:

The deeds of the puppets in patronizing the atrocities committed by aggressors are foolish and shameful behaviour which can be done only by those colonial hirelings.

The South Korean puppets are not in the position to lodge a protest with their master against the atrocities by U.S. soldiers. Worse still, they release or transfer the criminals of the U.S. troops apprehended on the spot to the U.S. Forces units under the subordinate and inequal "Status-of-Forces Agreement".

The Kim Yong-sam group who connive at and patronize the acts of gangsters in harming their fellow countrymen are, indeed, a clan of rare idiots and fools.

As such a fool is in power, the occupation troops act arbitrarily and the people suffer from it.

Facts clearly show that the South Korean people have to continue shedding their blood and they cannot feel at ease as long as the occupation policy of the U.S. imperialist aggression forces and the treacherous policy of the Kim Yong-sam group are in force in South Korea.

U.S. Korean War Memorial Incites 'War Fever'

*SK0306044095 Pyongyang KCNA in English
0437 GMT 3 Jun 95*

["Act Inciting War Fever" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — The "Memorial to the Korean War" was built in a spacious area of green belts of Washington and will be unveiled with a due ceremony on July 27, according to a NHK report on May 30.

Branding this as an insult to and mockery of the Korean people who love justice and peace and conscience of humankind, a news analyst of NODONG SINMUN today says:

Forty-odd years have passed since the fatherland liberation war ended in a victory of the Korean people. At this time, the United States is engaged in such a despicable act in a bid to justify its war of aggression on Korea and cover up its true color as the igniter of the Korean War. It is also intended to instill the idea of aggression in the U.S. society and incite a fever of war against Korea.

What the United States seeks in the erection of the "Memorial to the Korean War" is to describe its war of injustice as a war of justice and convince the world people of this.

The criminal war against Korea started by the United States cannot be justified nor be distorted. The U.S. will never cleanse its dishonor as the very one who started the Korean War.

It is a U.S. invariable design to invade the Democratic People's Republic of Korea and colonize the whole of Korea.

The "Memorial to the Korean War" reportedly depicts American soldiers marching toward "stars and stripes", a symbol of aggression. This is, in fact, intended to urge Americans to participate in an aggressive war against Korea. In other words, it calls for taking part in a new aggressive war against Korea with "stars and stripes" in hands as the igniters of the past Korean War did. Indeed, it fully reveals the invariable aggressive and belligerent nature of the United States.

The United States must stop distorting the criminal nature of the past Korean War and inciting the war fever and dismantle the "Memorial to the Korean War."

Irish Workers Party Demands U.S. Withdrawal

SK0506101495 Pyongyang KCNA in English
1005 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The annual meeting of the Workers' Party of Ireland held in Dublin on May 27 adopted a resolution entitled "democratisation of the United Nations should be realised", in which it expressed support to the just cause of the Korean people.

The resolution said the United Nations is time and again used as tool speaking for the interests of the United States. Last year the United States used the world organisation and the International Atomic Energy Agency for justifying its unreasonable policy of urging the DPRK to give up its nuclear energy development for peaceful purpose, which is its legitimate right, it said.

It can be seen in the Korean peninsula that the sacred name, rights, flag and emblem of the UN are being used by the United States for an unjustifiable purpose of keeping more than 40,000 U.S. troops and terrible tactical nuclear weapons in South Korea, it said.

It added that if the Korean issue is to be settled, the United States must pull its troops out of South Korea, take hands of intervention off Korea and meet the just demands of the Korean people for realising the country's reunification by means of founding the Democratic Confederal Republic of Koryo.

KCNA Reports on Labor Strikes in ROK

SK0506052795 Pyongyang KCNA in English
0442 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Trade unions of 13 hospitals attached to universities in Seoul including Seoul National, Hanyang and Kyonghui Universities held a joint meeting of representatives on June 2 and vowed to struggle for the right to existence, according to a radio report from Seoul.

At the meeting they made public a resolution demanding wage hike and reinstatement of dismissed workers.

On the same day, the trade union of the Asia Motor Co. in Kwangju decided to go on strike.

ROK Students Protest 'Suppression' of Labor

SK0506063295 Pyongyang KCNA in English
0514 GMT 5 Jun 95

["South Korean Students Demand Stop to Suppression of Labour Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — More than 2,000 students of ten-odd universities and colleges in Seoul held a rally for checking the suppression of the labour movement at Yonsei University on June 4, at which they demanded the puppet authorities immediately stop the suppression of the trade union of the Telecommunication Co., according to a report.

At the rally, the students declared they would take an active part in the labour movement despite the puppet clique's step of the "ban on the intervention of a third party".

Then they marched out to the street, clashing with the riot police firing tear gas.

Earlier, on the 3rd, more than 1,000 students of over ten universities and colleges in Seoul held a meeting of the "National Students' Special Committee" for checking the suppression of the labour movement and building progressive trade unions in the industrial domains and demanded the puppet clique stop the suppression of the trade union of the Telecommunication Co. in its struggle for attaining the right to existence.

Seoul Rights Group Decries Suppression of Labor

SK0506062395 Pyongyang KCNA in English 0507 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The Committee for Measures for Guaranteeing Human Rights of Workers held a rally to denounce the puppet clique for its suppression of the labor movement in Seoul on June 3, which was attended by more than 5,000 workers and students in all, according to a radio report from Seoul.

The organisation warned that if the authorities continue to suppress Telecommunication Company labor unionists, it would launch an all-people signature campaign in denunciation of the traitor Kim Yong-sam, and that in case police forces are let loose to suppress sit-in strikes at Myongdong Cathedral and Chogye Temple, it would stage a powerful struggle to denounce the present "government", in solidarity with religious circles.

The organisation also demanded that the puppet clique promptly withdraw the steps of arresting and putting on the want list the leading unionists of the Telecommunication Company and seek a peaceful settlement to Telecommunication Company issue.

Paper on ROK 'Suppression' of Labor Struggle

SK0506062595 Pyongyang KCNA in English 0511 GMT 5 Jun 95

["Sword-Brandishing Leads to Destruction" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The Kim Yong-sam group is intensifying the suppression of the struggle of the workers of the Ulsan factory of the Hyundai Motor Co., unionists of the Telecommunication Co., students and people from all walks of life for democracy and the right for existence with the "local autonomy elections" at hand.

Commenting on this, NODONG SINMUN today says the Kim Yong-sam group is getting overheated in the fascist repression because its lot is very uneasy.

The news analyst goes on:

This implies that the Kim Yong-sam group may enforce the "security-oriented rule" again because they know they will inevitably be defeated in the "elections" if they are held in a fair way.

In fact, the Kim Yong-sam group is trying to do the same things as it fabricated its clan's "winning in elections" by dint of fascist repression and frauds so as to make the upcoming "elections" a stage of its monopoly show and attain "stability in the remaining years of its office".

It is only too natural that the "Pusan-South Kyongsang Provincial Federation of General Student Councils" urged the Kim Yong-sam group to "immediately stop" the scheme to enforce "security-oriented rule" with the "elections" drawing nearer.

The Kim Yong-sam clique of traitors must act with discretion, mindful of the fact that the sword-brandishing against the people will lead to its ruin.

Kim Yong-sam Remarks on Local Elections Decried

SK0406082395 Pyongyang KCNA in English 0817 GMT 4 Jun 95

["Threat For Violent 'Elections'"]

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — The traitor Kim Yong-sam, in a "special statement" published on May 30 with regard to the "local autonomy elections" slated for June 27, ordered strict control over "fraudulent and illegal acts" hampering them, while clamouring about "fair elections" and "revolution in elections".

Commenting on this, a news analyst of NODONG SINMUN today says:

Kim Yong-sam's threat and blackmail and his repressive order reveal his uneasiness and fear of the daily worsening political crisis and social disorder. They are a desperate effort to prevent the anti-fascist, anti-dictatorial moves of the people from developing into a massive resistance and bridge over the crisis of his "government" with the "elections" as an occasion.

People can neither express their will in a democratic way nor expect fair elections and true local autonomy under such a fascist system and reactionary and anti-people socio-political system of South Korea as it is today.

If a true democratic politics is to be enforced and an era of local autonomy is to be opened in South Korea, it is imperative to overthrow the Kim Yong-sam fascist dictatorial "regime" and establish an independent democratic government.

Kim Yong-sam Group Denounced as Slave Traders

SK0306104695 Pyongyang KCNA in English 1026 GMT 3 Jun 95

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — The Kim Yong-sam group, which has sold off thousands of children to other countries in the past one year, set up even an office serving orphan trade.

Commenting on this, NODONG SINMUN today says the successive South Korean puppets including the Kim

Yong-sam group that have scooped up money by selling Korean children without parents as slaves are slave merchants of modern version.

The analyst says:

The export of children by the Kim Yong-sam group is a never-to-be-condoned treachery which tramples down not only the present but the future of the nation.

Now the puppets are blaring that they would "totally ban the adoption of Korean children into foreigners' families" by 1996. But this is nothing but a deceptive trick to lull the public circles' denunciation.

With the Kim Yong-sam group, which has amassed fortunes by selling even orphans the number of whom is ever-increasing by its treacherous policy, left alone, it is impossible to solve the problems concerning public welfare and eliminate slave trade in South Korea.

Over the past four decades since war orphans were sold to foreign countries in 1955 allegedly to be adopted into foreigners' families, the South Korean puppets have exported 180,000 children to the United States and other countries to get 5,000 dollars for each.

Removal of Kim Yong-sam Urged To Improve Ties

SK0306103195 Pyongyang KCNA in English 1022 GMT 3 Jun 95

["Traitor Who Brought North-South Relations to Dangerous Phase" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — Kim Yong-sam is a traitor for all ages who brought the North-South relations to dangerous phase, says NODONG SINMUN today in a by-lined article.

The article goes on to say:

In two years or more after taking office, the Kim Yong-sam group has committed bigger and graver crimes than all those perpetrated by the preceding military dictators during their rule.

The Kim Yong-sam group challenged the North with the restart of the "Team Spirit" nuclear war exercises against the North, which was suspended at the end of the "Sixth Republic", with outside forces under the pretext of fictitious suspected "nuclear program" of the North.

Immeasurably big and grave is the crime of the Kim Yong-sam group who steadily brought the North-South relations to the brink of war with frantic arms buildup and frequent war gambles.

The puppets, clamouring about "strengthening of internal forces" and "combat power increasing", continued to introduce all kinds of weapons and war equipment from foreign countries, changing South Korea into a big lethal arms market and hotbed of war.

They went the length of making extremely provocative utterances such as "strong strike to and occupation" of North and resort to frantic war exercises against North.

The Kim Yong-sam group provoked the North with the "emergency alert order" and lacerated the hearts of the people who shared sorrow with fellow countrymen, far from expressing etiquette at the unexpected misfortune of the North last year. This crime is indelible for all ages.

The puppets claimed that they would not allow national joint meetings and reunification functions to be held in Panmunjom around August 15 and seek fascist intrigues to block them at the point of the bayonet.

With the traitorous Kim Yong-sam group left intact, the improvement of North-South relations cannot be expected any time nor can peace and peaceful reunification be achieved. The sooner the traitor is removed, the better.

Pomminnyon Demands Probe Into Kwangju Incident

SK0506100995 Pyongyang KCNA in English 1002 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The South side headquarters of the National Alliance for the Country's Reunification [Pomminnyon] reportedly demanded in a statement dated May 18 that the United States that has controlled "operations" of the South Korean puppet army admit its responsibility for the Kwangju bloodbath which took place 15 years ago and apologize for it.

The statement urged the South Korean authorities to work out a special law to probe the truth behind the Kwangju incident and punish those responsible for it and handle anti-national, anti-ethical crimes.

And the statement said that the South side headquarters of the National Alliance for the Country's Reunification would join all patriotic and reunification forces for independence in their efforts to celebrate the 50th anniversary of national liberation and make a success of the sixth pan-national rally and thus carry into reality the intention of the participants in the Kwangju resistance to realise independence and national reunification as well as democracy.

Liaison Committee Bulletin Discusses Kwangju

SK0206223895 Pyongyang KCNA in English 1510 GMT 2 Jun 95

[FBIS Transcribed Text] Pyongyang, June 2 (KCNA) — The International Liaison Committee for Reunification and Peace in Korea issued the May edition of its bulletin on May 23.

In an article titled "Remember Kwangju for Reunification and Peace in Korea, for Democracy, Human Rights and Democratization of World" the bulletin referred to the May 1980 Kwangju popular uprising in South Korea. Indiscreet arrest, imprisonment, murder and arson by the "troops" dispatched by the South Korean military junta were unprecedented in any other parts of the world, it said.

In an article titled "International Conference for Repatriation of Unconverted Long-Term Prisoners in South Korea Held in Paris on April 22, 1995" the bulletin said the unconverted long-term prisoners in South Korea, Kim In-so, Ham Se-hwan and Kim Yong-tae, who were arrested during the Korean war and served prison terms for more than 30 years, were not allowed to meet with their families in the North. In this connection, the participants in the conference decided to send an international fact-finding group to South Korea, it added.

Also seen in the bulletin are articles titled "Disgraceful Wall of Division, Symbol of Confrontation on Korean Peninsula, Barrier to Korea's Reunification and Obstacle to Free Travel, Must be Removed Without Delay" and "French Journalist Expelled by South Korea's 'National Security Law'."

Youths Distribute Kim Il-song Literature in Pusan

SK0506053595 Pyongyang KCNA in English 0449 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Copies of literature in the name of the reunification patriotic youth society were distributed to people in Tongnae and Yongdo districts in Pusan in early May ten months after the death of the great leader President Kim Il-song, the Seoul-based radio Voice of National Salvation quoted the Pusan city Committee of the National Democratic Front of South Korea as saying.

Seen on the front page of glow colour was a portrait of President Kim Il-song beaming with a bright smile, with the letters "President Kim Il-song will always be with the Korean nation" printed below.

In the upper part of the back page is a picture of Koreans and overseas compatriots bowing to the bronze statue of President Kim Il-song on Mansu Hill, and in the lower part a picture of South Korean students making a bow before his portrait at mock mortuaries and incense-burning sites, with the letters "We will fulfil the behests of President Kim Il-song, father of the 70 million Koreans, on reunification" written below.

Japan Plan To Join UN Peacekeepers Denounced

SK0406085195 Pyongyang KCNA in English 0836 GMT 4 Jun 95

["Extreme Ambition for Overseas Aggression" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — NODONG SINMUN today lays bare the purpose sought by the Japanese reactionaries in "reexamining the law on cooperation in U.N. peace-keeping operation".

What they seek in this is to have a law allowing the "Self-Defence Forces" to conduct military activities freely in other countries in the name of the "U.N. Forces", a news analyst of NODONG SINMUN says, and continues:

Japan's military moves and agitation for a militaristic outlook on war make other people predict that her present scheme to revise the "Law on Cooperation in U.N. Peace-keeping Operation" will certainly develop into a military aggression for overseas expansion tomorrow.

Fifty years have passed since Japan sustained a defeat. But, the Japanese reactionaries, far from drawing a lesson from the defeat, are trying to realise their ambition for aggression which they failed to attain in the past.

Peoples of Asian countries suffered immeasurable sufferings due to the Japanese imperialists. Today, Japan schemes to inflict such misfortunes, sufferings and disasters again upon the Korean people and other Asian nations and dominate the world.

This is a foolish design.

"International contribution", "cooperation" and "friendship" on the lips of the Japanese authorities are unreliable. Lurking behind them is a dagger for overseas aggression.

Japan 'Embellishing' of War Crimes Denounced

SK0506025695 Pyongyang Korean Central Broadcasting Network in Korean 1224 GMT 3 Jun 95

[NODONG SINMUN 3 Jun commentary: "Rash Act by Those Who Have Lost Reason"]

[FBIS Translated Text] The acts of justifying and highly praising the crimes of aggression committed by the Japanese imperialists are openly taking place in Japan.

A few days ago, a so-called festival took place in Tokyo with the participation of some 10,000 people including 76 Dietmen and families of those who died while running amok in the war of aggression. Brazen-faced voices embellishing the crimes committed by the Japanese imperialists in the past and opposing any official apology by Diet rang out from the festival.

A fellow named Kase Toshigaze, so-called chairman of the Diet committee of the 50th anniversary of the end of the war, said the Japanese imperialists' war of aggression helped other Asian countries liberate themselves, and he is opposed to making apologies by using such terms as colonial domination and acts of aggression. He even blundered on to suggest that adopting the resolution on making an apology in Diet would be a disgrace to the souls of the numerous war dead.

A person who is the secretary general of the Liberal Democratic Party of the Dietmen League of the 50th anniversary of the end of the war distorted the historical truth by saying that Japan fought to liberate Asian countries from western rule, and thus liberated Asian countries.

At the festival, the participants said that Asia was able to achieve today's development due to the sacrifice of those who died in the war of aggression, and even expressed gratitude to them. These are not remarks that can be made by those with reason.

It was already judged by an international tribunal that the Japanese imperialists invaded our country and other Asian countries and inflicted immeasurable suffering, misfortune, and damage upon their peoples in the past. Wherever the Japanese imperialists went in the past became a sea of blood and voices full of grudges and curses against the Japanese imperialists echoed in the mountains and the rivers. Even though 50 years have passed since then, Asians still grind their teeth with indignation over the Japanese imperialists' criminal acts. Anyone who is able to think in a reasonable way would have no face denying the great crimes committed by the Japanese imperialists. Nonetheless, the Japanese reactionaries have lost their prudence because militarism has become their constitution and they are all wrapped up in ambition for another act of aggression.

However, the Japanese reactionaries, instead of admitting to crimes, are unhesitatingly embellishing and speaking highly of them. They still harbor the old ambition of creating the Greater East Asian Co-Prosperity Sphere, which the Japanese imperialists failed to realize.

Motivated by this design, the Japanese reactionary ruling circles are desperately trying to turn Japan into a political and military power matching its economic strength. And they are working hard to win a permanent seat on the United Nations Security Council and have overseas expansion of the Self-Defense Forces legalized under the motto of international contributions.

However, such attempts are bitterly denounced by mankind's conscience. The world's unanimous assertion is that Japan, which fails to admit and apologize or compensate for its past crimes, is incapable of becoming a permanent member of the United Nations Security Council and making international contributions. Such being the case, the Japanese reactionaries are attempting to promote the image of Japan, a country that has committed many crimes, by embellishing the criminal acts of aggression committed by the Japanese imperialists in the past. However, the slyness and brazen-facedness of the Japanese reactionaries will only make the people turn away from them.

In another development, the Japanese reactionaries are attempting to lay an ideological stepping-stone to another aggression by beautifying the Japanese imperialists' past crimes of aggression. By having those who drove the war of aggression stand out as patriots and martyrs, they urge the Japanese people to rise on the road to aggression. In addition, the Japanese reactionaries are attempting to drive their people to a war of aggression by instigating the militarist ideology among them.

However, the Japanese reactionaries are miscalculating. If the Japanese reactionaries persistently seek to realize their militarist ambition, they will get nothing but destruction.

The Japanese reactionaries should draw a serious lesson from the defeat the Japanese imperialists suffered 50 years ago. With this year which marks the 50th anniversary of the Japanese imperialists' defeat as a momentum, the Japanese reactionary ruling circles should make a definite promise to the international community that they will not repeat their disgraceful past. This is the only road on which Japan can survive as a member of the international community.

Japanese Farmers Visit Kim Il-song Statue

SK0506063195 Pyongyang KCNA in English 0439 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA)—The delegation of the Japan-Korea Farmers Friendship and Exchange Association led by Secretary-General Kiyoshi Naoi visited on Saturday the statue of the great leader President Kim Il-song on Mansu Hill to pay homage to him.

The guests laid bouquets before the statue of President Kim Il-song and made a bow with deep reverence for him.

Japanese Wrestler Sends Letter to Kim Chong-il

SK0406085295 Pyongyang KCNA in English
0839 GMT 4 Jun 95

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — The great leader Comrade Kim Chong-il received a letter from Kanji Inoki, president of the New Japan Pro-Wrestling Co. Ltd. and world pro-wrestling star.

The letter said in part:

I think it was thanks to the deep understanding and leadership of your excellency Kim Chong-il that the Pyongyang International Sports and Cultural Festival for Peace was held successfully with a large attendance and dropped its curtain. I express thanks to you for this from the bottom of my heart.

One month has passed since the end of the festival. But, the warm emotion and impression I felt at that time are becoming more vivid in my memory with each passing day.

I am now filled with inexpressible feelings of thanks for the kindness of you who gave me an opportunity to realise my lifetime desire to repay the favour shown by Rikidoozan, my teacher.

The letter sincerely wished His Excellency Kim Chong-il good health and a long life.

Vice Premier Visits Iran, Meets Leaders

Ministerial Cooperation Pact

SK0306044595 Pyongyang KCNA in English
0438 GMT 3 Jun 95

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — An agreement on cooperation between the Foreign Ministry of the Democratic People's Republic of Korea and the Foreign Ministry of the Islamic Republic of Iran was signed in Tehran on Thursday.

It was inked by DPRK Vice-Premier and Foreign Minister Kim Yong-nam and Iranian Foreign Minister 'Ali Akbar Velayati.

Meeting With Leading Lawmaker

SK0306104395 Pyongyang KCNA in English
1016 GMT 3 Jun 95

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — "His Excellency President Kim Il-song was the most steadfast and thoroughgoing revolutionary. We will never forget his exploits and tireless efforts devoted to carrying out the cause of the world revolution," said the speaker of the National Assembly of Iran, Ali Akbar Nateq Nouri [name as received], when he met DPRK Vice- Premier and Foreign Minister Kim Yong-nam on a visit to Iran on May 30.

"Though His Excellency President Kim Il-song left us, his exploits will be kept forever in the hearts of the Korean people as well as in the history of Korea, the history of Asia and the history of the world," he said, and continued:

"Seeing the functions held in the mourning period on the television, we were well aware of how earnestly the Korean people revere their leader. None of powers can bring to their knees the Korean people with such an idea and spirit."

"Although President Kim Il-song passed away, the Korean people continue going ahead vigorously and his cause is being carried forward with credit," he said, asking the foreign minister to convey their warm greetings to His Excellency Kim Chong-il, the great leader of the Korean people.

Commerce Ministry Delegation Leaves for PRC

SK0206224095 Pyongyang KCNA in English
1511 GMT 2 Jun 95

[FBIS Transcribed Text] Pyongyang, June 2 (KCNA) — A delegation of the Ministry of Commerce led by Vice-minister Kim Pong-chol left here Thursday to visit China.

It was seen off at Pyongyang railway station by Vice-Minister of Commerce Yi Sok-ki and a counsellor of the Chinese Embassy here.

Education Group Visits PRC; Delegations Arrive

SK0306213995 Pyongyang KCNA in English
1513 GMT 3 Jun 95

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — A DPRK educational delegation led by Kim Kyong-wan, president of Kim Chaek University of Technology, left here today for a visit to China.

A delegation of the youth organisation of the Malaysian People's Movement led by Chairman of the Central Committee of the youth organisation Yim Pu-Chang and a delegation of the Japan-Korea Farmers Friendship and Exchange Association led by Secretary-general Kiyoshi Naoi arrived here today.

Russian Paper Praises 'Korean-Style Socialism'

SK0506150895 Pyongyang KCNA in English 1504 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The Russian paper PATRIOT No. 21 published an article under the title "Korean-Style Socialism".

The reality of Korea led by Comrade Kim Chong-il proves that anthropocentric socialism, socialism centred on the popular masses, is the most scientific, advantageous and powerful socialism, the paper stressed, and went on:

What draws primary attention in Korean-style socialism by Comrade Kim Chong-il is that all the people lead a true political life.

Comrade Kim Chong-il takes care that the people can participate in the political life and exercise the political rights, so as to meet the intrinsic demand of man to live as the equal master of society free from all kinds of exploitation and oppression.

All the popular masses including workers, farmers and intellectuals, who were outside politics and were target of politics in the past, actively participate in the political life, exercising their rights under the socialist system.

What is also noteworthy in Korean-style socialism is that all people are provided with the conditions for stable and sound material and cultural life.

People have no worry about food, clothing and housing.

The state provides the working people with food, clothing and housing in a responsible way and enforces the free medical system and free educational system at state expenses.

The whole society forms a large harmonious family. This is the unique feature of Korean-style socialism.

Only in Korea led by Comrade Kim Chong-il human love is brought into full bloom.

The relations of love and trust between people show the superiority of the socialist system.

This is a result of Comrade Kim Chong-il's noble love for the people.

Paper Urges Increased Unity Around Kim Chong-il

SK0506103595 Pyongyang KCNA in English 1023 GMT 5 Jun 95

["NODONG SINMUN Calls For Accelerating General March, United Around Comrade Kim Chong-il in One Mind" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — Let us unite closely around the great Comrade Kim Chong-il! This is a solemn demand of the era and revolution and an immortal militant banner to be firmly held by our party and people as an eternal lifeline until they accomplish the revolutionary cause of chuche.

The entire party members and other working people should always live and stoutly struggle as demanded by this slogan in the general onward movement at present.

This is stressed by NODONG SINMUN today in an editorial headlined "Let Us Make General March, United Around the Great Comrade Kim Chong-il In One Mind."

The editorial goes on:

To unite closely around respected Comrade Kim Chong-il is the most sacred struggle to successfully accomplish the revolutionary cause of chuche by purely carrying forward the tradition of singlehearted unity of our revolution.

It quotes the great leader Comrade Kim Il-song as saying:

"All the officials must carry forward the tradition of singlehearted unity of our revolution and make active efforts to further strengthen the unity and cohesion of the party and the revolutionary ranks centering around Comrade Kim Chong-il."

The editorial further says:

Our singlehearted unity which is firmly rallied around Comrade Kim Chong-il is the invincible unity and cohesion which has been consolidated more stubbornly in the longstanding and rigorous revolutionary practice and a great unity with inexhaustible might for the steadfastness of its centre, consistency of ideology and purpose and purity of morality and obligation.

Uniting closely around Comrade Kim Chong-il is the basic guarantee for greeting the 50th anniversary of the party foundation with a great festival of victors and the fundamental requirement for decisively smashing all the challenges of the imperialists and reactionaries and defending our-style socialism.

The firm singlehearted unity around him is, indeed, our banner of struggle, invincible banner.

We must firmly defend him, the centre of unity, politically and ideologically, at the risk of our lives, mindful of the fact that as we are guided by him, there is a bright future of our country and nation.

The first and foremost task is to defend the leader of the revolution, the centre of unity — this is the fundamental principle of the revolutionary unity.

All the officials, party members and other working people must firmly defend respected supreme commander Comrade Kim Chong-il, our destiny and future, as the anti-Japanese revolutionary forerunners defended the great leader Comrade Kim Il-song at the risk of their lives.

All the officers and men of the People's Army must become rifles and bombs to defend the respected supreme commander at the risk of their lives and our young people, too, must firmly prepare themselves to be the five million rifles and bombs as they made a pledge at the 8th Congress of the League of Socialist Working Youth.

We must firmly uphold the idea and theory of the great Comrade Kim Chong-il as the eternal lifeline of our party and revolution and more firmly consolidate the might of the singlehearted unity in the practical struggle for the building of socialism.

South Korea

DPRK-U.S. Nuclear Talks Resume in Malaysia

North Recognizes KEDO Role

SK0206113595 Seoul KBS-1 Radio Network in Korean 1015 GMT 2 Jun 95

[Report by Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] The United States and North Korea, which are holding talks in Kuala Lumpur to resolve the light-water reactor issue, shared the opinion, in a plenary meeting held today, that the Korean Peninsula Energy Development Organization [KEDO] will become a main party that will sign the reactor supply contract to supply light-water reactors to North Korea.

In today's meeting, North Korea reportedly recognized that KEDO is the party that will place an order for light-water reactors and that the reactors will be supplied according to the supply treaty between North Korea and KEDO. With conditions attached, North Korea also agreed that KEDO will select the main contractors. North Korea has reportedly agreed to KEDO's role in selecting main contractors on condition of guaranteeing the participation of North Korea's shipbuilding facilities export company and holding discussions with North Korea.

In today's meeting, the United States reportedly stressed that, although KEDO will select the main contractors, a U.S. firm should be the supervisor who will take the role of coordinating and mediating between the main contractors — North Korea and another contractor. North Korea reportedly agreed to this.

Accordingly, the United States and North Korea will first focus on discussing the structure of the contract, one of the two biggest questions in the light-water reactor issue. They will also discuss the type of light-water reactor, the other biggest question in this issue, in phases based on the results of working-level talks held yesterday.

No Agreement on Reactor Type

SK0306011195 Seoul YONHAP in English 0105 GMT 3 Jun 95

[FBIS Transcribed Text] Kuala Lumpur, June 3 (YONHAP) — After 11 days of nuclear talks the United States and North Korea have failed to produce an agreement on the type of nuclear reactors that will be provided to the North under the Geneva framework agreement, according to a statement released after the talks.

The statement issued by the U.S. delegation to the nuclear talks immediately following a four and a half-hour meeting between the two sides at the American Embassy in Kuala Lumpur said that they failed to narrow their differences, although they had long discussions on the type of the nuclear reactors the North would receive.

The statement also said that the two sides will hold working-level officials' meetings Friday [as received] to decide on whether to continue the Kuala Lumpur nuclear talks.

"The two sides tried to narrow gaps over issues... while focusing on the points agreed upon during the working-level talks Thursday, but to no avail," said a source close to the talks. "The two sides eventually failed to overcome the skepticism over the outcome of the ongoing talks."

He expected that the United States and North Korean delegations will decide the fate of the talks at a working-level officials' meeting Saturday.

The source, however, said that "it's not clear whether the working-level contact will take place on Saturday," adding that the ongoing nuclear talks entered a critical point.

During Friday's talks, the American and North Korean delegations focused on the type of light-water nuclear reactors to be provided to the North under the Geneva nuclear agreed framework, who will be the main contractor for the reactor project and who will take charge of the reactors design, sources said.

The two sides, however, did clarify what issues they have agreed on thus far and put those issues on paper, but they continue to remain at odds about which type of reactors to provide North Korea, they said.

The two sides also failed to narrow differences regarding the central role of South Korea in the light-water reactor project, they said.

South Korea, the United States and Japan meanwhile held a three-way meeting Friday morning at the U.S. Embassy in Kuala Lumpur ahead of the 11th round of nuclear talks between the United States and North Korea.

The three countries, the main players in the light-water reactor project with the North, reconfirmed their position that South Korea should play a central role in the reactor project and that the North should accept South Korean-made reactors.

DPRK Threatens To Refuel Reactors

SK0306093695 Seoul KBS-1 Radio Network in Korean 0900 GMT 3 Jun 95

[Report by Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] North Korea officially announced that it will break the Geneva agreement — that is, it will reload nuclear fuel, reprocess the spent fuel, and extract plutonium, unless an additional $1 billion worth of collaterals are provided. At the plenary session of the U.S.-North Korean talks held in Kuala Lumpur on 2 June, North Korea reportedly demanded that the United States accept North Korea's demand for an additional $1 billion worth of facilities and stipulate this condition in the agreement on the supply of the light-water reactors.

North Korea announced that in case the United States does not accept North Korea's demand, it will break the seal on the five-megawatt experimental reactor in Yongbyon, reload nuclear fuel, reprocess the more than 8,000 spent fuel rods currently stored in cooling ponds, and extract plutonium, which is used to make nuclear weapons. North Korea's unprecedented demand could be interpreted as an official announcement to break the Geneva agreement.

The United States and North Korea have begun a once-and-for-all exclusive meeting between chief U.S. delegate Hubbard, deputy assistant secretary of state, and Kim Kye-kwan, chief North Korean delegate, at the U.S. Embassy on the afternoon of 3 June, to decide whether to continue the talks.

3 Jun Talks Fail To Narrow Gap

OW0306101095 Tokyo KYODO in English 0936 GMT 3 Jun 95

[by Tim Johnson]

[FBIS Transcribed Text] Kuala Lumpur, June 3 KYODO — U.S. and North Korean officials held a 14th day of marathon negotiations Saturday, but failed to narrow their differences over an agreement on provision of two nuclear reactors to North Korea.

"The heads of the two delegations had a meeting for one and a half hours today, but they failed to resolve their differences," a North Korean delegate told reporters after the talks at the U.S. Embassy in the Malaysian capital.

"They agreed to remain in touch at the working level," he told reporters upon returning to the nearby North Korean Embassy.

The previously unscheduled meeting had followed indications that the bilateral talks were on the brink of failure.

But U.S. State Department spokeswoman Christine Shelly told reporters in Washington on Friday that the U.S. "will negotiate patiently" with North Korea on the reactor issue "as long as North Korea maintains the freeze on its nuclear activity."

"We are optimistic that these issues can be resolved," she said.

The talks remain at an impasse over North Korea's refusal to recognize the South Korean origin of two light-water reactors the U.S. wants to provide it under last October's landmark bilateral accord in Geneva.

Under the agreement, North Korea has agreed to freeze and eventually dismantle its current graphite-moderated reactor program, which Washington says is designed to produce nuclear weapons.

Pyongyang has threatened to unfreeze its nuclear program if it does not get its way in Kuala Lumpur.

DPRK Pressured To Withdraw Demand

SK0506004295 Seoul HANGUK ILBO in Korean 5 Jun 95 p 1

[By reporter Ko Tae-song from Kuala Lumpur]

[FBIS Translated Text] The North Korea-U.S. semi high-level talks face a critical phase following North

Korea's threat, in connection with its demand for additional reactor facilities, to restart its nuclear program and the reprocessing of spent fuel rods. The urgency of the situation is reflected in the fact that the United States and North Korea are conferring with their respective governments on each's final position on 4 June.

It has been learned that the sides will decide whether or not to continue the negotiations at a meeting on 5 June. Thus, the talks will come to a head at the 5 June talks.

The United States, the ROK, and Japan held tripartite talks on this issue on 4 June, and reportedly shared the opinion that they will not hesitate to break off the North Korea-U.S. talks if North Korea fails to withdraw its threat to reprocess the spent fuel rods as well as its demands for additional facilities and the stipulation of these conditions in the agreement on the supply of the light-water reactors.

Talks Continue 5 Jun

SK0506081095 Seoul YONHAP in English
0725 GMT 5 Jun 95

[FBIS Transcribed Text] Kuala Lumpur, June 5 (YONHAP) — The United States and North Korea Monday resumed nuclear talks here on North Korea's suspected nuclear weapons development program with all members of each delegation participating.

Sources said that they were not sure whether the talks will take the form of the 13th round of nuclear talks to solve the issue of what type of light-water nuclear reactors the North will receive under the agreed framework.

They also said that there was the possibility that the talks would serve to conclude the ongoing talks.

Monday's meeting was held amid much tension during which the North threatened to end the freeze on its nuclear facilities unless an agreement is reached on the light-water reactor project under the Geneva nuclear framework agreement.

The North has also demanded that the United States provide about 1 billion U.S. dollars in assistance for the North to build facilities needed to operate the two light-water reactors, aside from the four billion U.S. dollars it will cost to design and install them and the 500 million dollars worth of heavy oil while construction of the reactors is underway.

Such demands, which the United Sates and South Korea insist they will not accept, led the nuclear talks into a deadlock last week and the two sides closely consulted with each of their home governments on those issues.

No Progress in 5 Jun Talks

SK0506085195 Seoul YONHAP in English
0847 GMT 5 Jun 95

[FBIS Transcribed Text] Kuala Lumpur, June 5 (YONHAP) — The 13th day of nuclear talks between the United States and North Korea on Monday failed to narrow the differences regarding conditions for the provision of two light-water nuclear reactors to the North under the Geneva nuclear agreement signed last October, officials from North Korea and the United States said.

The chief delegate from the United States, Thomas Hubbard, emerging from the one and a half hour talks told reporters that there existed great differences between the positions of each side on a broad range of issues concerning the provision of reactors to the north.

Hubbard, however, said that the two sides will meet again Tuesday for another round of nuclear talks.

Chong Song-il, one of the North Korean delegates to the talks, also said that they failed to narrow gaps and that they will meet again Tuesday.

A source close to the talks said that the North apparently reiterated its position that the United States must provide the North with American reactors and additional funds for the building of facilities to maintain and operate the reactors.

"We will be able to know whether the talks will continue or come to an end tomorrow when we resume negotiations as the North is expected to put forward their final positions," the source said. "The talks will end tomorrow if the North repeats its position, but will continue at least towards the end of the week if the North shows changes in its positions."

Seoul Refuses To Pay More for Reactors for North

SK0206043495 Seoul THE KOREA HERALD
in English 2 Jun 95 p 2

[By staff reporter Kim Kyong-ho]

[FBIS Transcribed Text] South Korea has no intention of paying more money than it has committed to for the planned provision of two light-water reactors to North Korea, say South Korean officials.

These remarks by the South Korean officials follow news reports from Kuala Lumpur that North Korean negotiators have called their U.S. counterparts to arrange the payment of additional $1 billion to finance the construction of accessories to the light-water reactors.

South Korea has committed itself to paying the lion's share of the cost of the $4.5 billion light-water reactor project though the exact amount of its financial commitment has yet to be determined.

"If we decided to accept the North Korean request (for $1 billion in additional payments), I think our people would tell us to foot the bill out of our salaries," says a senior official from the South Korean Foreign Ministry.

North Korea proposed at the expert-level nuclear talks in Berlin earlier this year that the United States arrange the provision of not only new reactors but also their accessories. South Korea and the United States rejected the North Korean demand.

The Foreign Ministry official says North Korea seems to be making another thrust for an additional $1 billion out of a judgment that it has nothing to lose even if the United States turns it down again at the ongoing, senior-level nuclear talks in the Malaysian capital. The North Korean negotiators reportedly renewed the demand for an additional $1 billion Monday at their talks with U.S. officials, which had been focused on the South Korean role in the light-water reactors since they started May 20.

Rejecting the North Korean demand again, South Korea and the United States have maintained that the light-water reactors to replace the North Korean graphite-moderated reactor, which is suspected of having been used to produce weapons-grade plutonium, be of South Korean design and manufacture. They have also demanded South Korea play the leading role in the light-water reactor project.

North Korea, which opposed these demands, has reportedly hinted that it may accept South Korean-made reactors if Seoul and Washington agree to supply additional facilities. The proposed accessories to the reactors include a simulator for the operation of the new reactors to be supplied, electricity transmission facilities, a plant to process nuclear fuel and new harbor facilities and roads, said South Korean officials monitoring the U.S.-North Korean talks in Kuala Lumpur.

South Korean officials say North Korea is backing away inch by inch from its position on the issues concerning the type of light- water reactor and the South Korean role.

In earlier rounds of talks in Kuala Lumpur, North Korea acknowledged the Korean Peninsula Energy Development Organization (KEDO) as the provider for the light-water reactors. By doing so, South Korean officials maintain, North Korea has virtually agreed on South Korea's leading role in the reactor project because the KEDO, an international consortium to finance the project, is set to conclude a commercial contract on the reactor provision with Korea Electric Power Corp., the South Korean power monopoly.

A North Korean Foreign Ministry spokesman was quoted as saying last Saturday that Pyongyang will not take issue with the light-water reactors' place of origin while insisting that there is no such thing as the South Korean model. Last Sunday, a North Korean diplomat based in Beijing told Western reporters that North Korea is not so much concerned about where the reactors are made as whose technology is used for their manufacture. These remarks hinting at a change in the North Korean stance may be a signal that North Korea will accept South Korean-made reactors if they are not labeled as the South Korean model and if additional facilities are provided as well.

The South Korean refusal to finance any of the additional facilities is not expected to lead to a breakdown in the talks between U.S. Deputy Assistant Secretary of State Tom Hubbard and North Korean Vice Foreign Minister Kim Kye-kwan, say South Korean officials. North Korea will not give up the $4.5 billion reactors and walk away from the nuclear talks, the South Korean officials say.

South Korea may take up the issue of supplying some of the accessories in the framework of talks on inter-Korea economic cooperation, not in the framework of nuclear talks between U.S.-North Korea or future KEDO-North Korea talks, says a South Korean official.

Minister on Nuclear Talks, Rice, Boat Seizure

SK0206133695 Seoul KYONGHYANG SINMUN in Korean 2 Jun 95 p 5

[Interview with Na Ung-pae, deputy prime minister and minister of the National Unification Board, by Yi Sil, deputy chief of the editorial department, at the Unified Government Building in Seoul on 1 June; first three paragraphs are KYONGHYANG SINMUN introduction]

[FBIS Translated Text] Na Ung-pae, deputy prime minister and minister of the National Unification Board, has acquired excellent skills in explaining reunification policy. When he was appointed deputy prime minister, he stammered when answering reporters' questions. He has ready answers these days.

It has been three months and 10 days since he was appointed minister of the National Unification Board. He frequently says at private meetings that he is doing a "truly worthwhile job." This means he has gained confidence.

On the afternoon of 1 June, 100 days after he took office, I met him at his office and asked questions on his philosophy and policies, the supply of rice to North Korea, the kidnapped fishing boat, and the North Korean-U.S. semi-high-level talks in Kuala Lumpur.

[Yi Sil] I remember that people had a negative assessment of your appointment as deputy prime minister and minister of the National Unification Board. They pointed out that you were not a specialist on reunification, though you were well-versed in economic affairs. Other people worried you may not be able to maintain smooth relations with Chongwadae [presidential offices], the Foreign Ministry, and other pertinent offices, given your moderate philosophy, which was shown during your career in the National Assembly. Would you comment?

[Na Ung-pae] I did not know reunification affairs in detail, of course. I had one principle while working as chairman of the National Assembly Reunification and Foreign Affairs Committee. That is, any reunification policy must contribute to substantially improving North-South relations and recovering mutual trust.

Since taking office, based on this principle, I have coordinated different views among pertinent government offices and made efforts to maintain consistency in reunification policies. Our policies concerning the cooperation system among the United States, Japan, and the ROK for the supply of light-water reactors, North-South economic cooperation, and the recent proposal to supply grain to North Korea are based on my principle.

I have heard that the current reunification and security team is in harmony. [laughter]

[Yi] Some people still say the reunification and diplomatic team is in discord, adding that this is due to a difference in views between you and diplomatic and security officials, who have handled the policy toward North Korea. Do you handle North-South issues with your mind or with your heart?

[Na] I think it is difficult to categorize me that way. If you insist, I can say I am a pragmatist. After setting the long-term goal of national reunification, I try to solve solvable problems first based on reality.

Different offices of any democratic government tend to have different views. This is a matter of course. One of my duties is to coordinate those different views through consultations.

[Yi] You have recently announced that we would provide grain to North Korea with no strings attached. Would you tell us why you did?

[Na] The North Korean grain problem is well known. North Korea has faced grain shortages of 2 million tonnes a year for the past two to three years, even though accurate statistics are not available. North Korea's neighbors, including China, had supplied grain to North Korea. Such assistance does not seem to be coming in smoothly this year. I have heard the grain which North Korea has asked Japan to provide is old Thai rice that Japan bought a few years ago and has stored in warehouses in preparation for poor harvests. My heart is aching on that matter. As Yi Song-nok, chairman of the North Korean Committee for the Promotion of International Trade, had indirectly asked us to provide rice to North Korea, I have advanced the proposal on rice supply from a humanitarian position.

[Yi] However, one thing confuses people: When you first advanced the proposal on 27 May, you stressed no strings would be attached. Then, at a meeting of pertinent ministers presided over by the prime minister the next day, you attached strings, stating that our rice should be supplied to North Korea first, before the Japanese rice. This gave us the impression that the government backed down a little. Then, on 31 May, you told the National Assembly that no strings would be attached. Why has the government wavered?

[Na] Our consistent position is that no strings would be attached. We want to help the North Korean people, who are suffering, by all means possible.

However, we should prevent the North Korean regime from using the grain assistance issue politically. Also, if possible, the grain assistance issue should be handled in ways to improve North-South relations. Japanese grain assistance to North Korea and our grain assistance are not linked. The government has not wavered.

[Yi] Will North Korea accept our proposal?

[Na] I think it will be difficult for North Korea to accept rice from the ROK readily. To achieve unity at home, North Korea has berated South Korea as its major enemy since Kim Il-song died. Therefore, it will be difficult for North Korea to make its people understand the fact that it should receive assistance from its enemy. What they seek seems to be to improve relations with the United States and Japan to maintain its system. It seeks to receive oil from the United States by using the nuclear card and rice from Japan, which wants to resolve the issue concerning compensation for postwar damages.

However, because the North Korean grain problem is very serious, North Korea may not have time to make political calculations. Therefore, it is likely that North Korea will accept our proposal.

[Yi] What are the prospects for North Korean-U.S. negotiations on light-water reactors? Some progress seems to have been made. For instance, the sides reportedly agreed to document agreements in Kuala Lumpur.

[Na] It is too early to be optimistic. North Korea has made a proposal which may be interpreted as accepting partial ROK participation in the manufacture and construction of light-water reactors. However, it has not accepted the ROK-model light-water reactors outright. I think it is not time to discuss the North Korean-proposed additional assistance, which includes auxiliary facilities, under circumstances in which our demand concerning ROK-model light-water reactors and the ROK's leading role is not met.

[Yi] We are the ones who want to assist North Korea with $3 billion, a very large amount of money. Many people, therefore, question why we are being dragged into North Korea's negotiating strategy.

[Na] That is a good point. Preventing North Korea from building nuclear weapons and ensuring North Korean nuclear transparency is the essence of the North Korean-U.S. negotiations. Toward that end, we have offered a carrot in the form of light-water reactors. The course of constructing the light-water reactors, which will take 10 years, will provide us an opportunity to activate North-South dialogue, improve North-South relations, and, in the long run, build a foundation for reunification. Therefore, we are making every effort to persuade North Korea to accept ROK-model light-water reactors. However, all along North Korea has attempted to exclude the ROK in the supply of light-water reactors in order to maintain its system, and, as a result, no progress has been made in the negotiations. I hope our people understand this.

[Yi] How do you think North Korea's kidnapping of our fishing boat Usong No. 86 will affect the light-water reactor negotiations and North-South relations?

[Na] Our government considers it an accident. Therefore, we plan to deal with this issue separately. If North Korea readily repatriates the kidnapped people, this will likely provide a favorable opportunity for improving North-South relations. If it tries to use this incident politically or as a means for resolving other issues, it will be complicated.

[Yi] I remember we linked the North Korean nuclear problem with North-South economic cooperation. These two matters now seem to be separate issues. Would you comment?

[Na] I do not think it is desirable that civilian exchange be strained simply because the nuclear negotiations are deadlocked. Solving the North Korean nuclear problem in cooperation with the United States and Japan and pursuing civilian exchange separately is necessary to recover national homogeneity.

Many companies that hope to do business in North Korea complain that our procedures are very complicated. They also say they are not inclined to invest in North Korea because our government policies are ever-changing.

I think it is important to make the procedures less time-consuming, which is more important than simplifying them. Because North and South Korea have special relations, the prevailing situation affects North-South economic exchange. North-South exchange can be promoted first in the economic field. However, an investment guarantee agreement and other devices that can minimize risks of North Korean investments must be provided to expand such investments.

[Yi] North Korea has tried to incapacitate the Armistice Agreement. Toward that end, it, for instance, closed the Neutral Nations Supervisory Commission [NNSC] offices. How will we respond?

[Na] North Korea seeks to sign a peace agreement with the United States and exclude the ROK simply because we are not a signatory of the Armistice Agreement. However, its position is contradictory. The North-South basic agreement signed in 1992 states that North and South Korean authorities shall maintain the peace system based on mutual trust. Moreover, the North Korean closure of the NNSC office is a clear violation of the Armistice Agreement. The government will map out diverse countermeasures in close cooperation with countries concerned. We will map out a plan to establish an international guarantee system with regard to the Armistice Agreement if necessary.

[Yi] As telephone lines have opened between North Korea and the United States, North-South telephone contacts have become easier. Do you have any intention of establishing a system under which people are required to report contacts with North Korean people to government authorities, instead of obtaining government approval?

[Na] At a time when North Korea has continuously denounced South Korea and has not abandoned its strategy of communizing South Korea, such a system is not desirable. This is because unapproved contacts with North Korea may be used in North Korean propaganda ploys toward South Korea.

Still, the government will simplify the procedures to make it easier for our people to make telephone contacts.

[Yi] Have we mapped out some scenario to prepare for reunification? When do you personally think reunification will be achieved?

[Na] We have made complete preparations for reunification. However, we feel sorry that things are not going according to the scenario. I think the tragedy of national division must be [ended] at the earliest possible date....

Pact With U.S. on Nuclear Regulatory Programs

SK0506113595 Seoul YONHAP in English 1059 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — South Korea and the United States on Monday concluded an agreement on bilateral cooperation in nuclear regulatory programs.

It was signed by visiting Korean Science and Technology Minister Chong Kun-mo ["visiting" Korean minister as received] and Ivan Selin, chairman of the U.S. Nuclear Regulatory Commission (NRC).

The agreement is officially entitled "Arrangements Between the U.S. NRC and the Ministry of Science and Technology of the Republic of Korea for the Exchange of Technical Information and Cooperation in Regulatory and Safety Research Matters."

A ministry official said that under the arrangements his ministry will cooperate more closely with the NRC in developing nuclear reactor regulatory conditions, working out steps to cope with grave nuclear incidents and exchanging technical information in various nuclear fields like reactor aging programs.

Earlier in the day, Minister Chong called on Harold Varmus, president of the U.S. National Institute of Health (NIH), and agreed with him to step up cooperation between the NIH and the Korean Institute of Life Science.

Rape Charges by Female U.S. Soldier Probed

SK0206040395 Seoul KBS-1 Radio Network in Korean 0300 GMT 2 Jun 95

[FBIS Translated Text] A 20-year-old woman private affiliated with the second division of the U.S. Forces in the ROK reported to the police that she was raped at the roadside of Tongil road in Paju county, Kyonggi Province, by two people including a taxi driver of the taxi she took around 2200 on 1 June.

She told the police that while on her way to her division from Paju-up, the taxi driver and a man sitting in the assistant driver's seat beat her and then raped her, and rode away leaving her on the road. The police and the U.S. Forces criminal investigation team are conducting a joint investigation into the circumstances of the incident.

U.S. Army Civilian Allegedly Beats Taxi Driver

SK0206062495 Seoul CHUNGANG ILBO in Korean 2 Jun 95 p 22

[Report by Kim Hyon-ki]

[FBIS Translated Text] On 1 June, the Seoul Namdaemun District Police Station investigated Flamin Jojif [name as transliterated], 50, civilian employee of the U.S. Army, on suspicion of beating a taxi driver, and handed him over to the U.S. Military Police.

According to the police, Mr. Jojif took an Arirang taxi [American Armed Forces Exchange Services, AAFES, taxi] driven by Yu Pom-yol, 46, at the compound of the Yongsan U.S. Eighth Army and arrived at Seoul Station around 2020. Mr. Jojif paid only $4.00 of the $8.40 fare, and fled. When Mr. Yu chased after him, Mr. Jojif used his fist to hit Mr. Yu in the head and stomach.

Mr. Jojif was taken to the police station by policemen who arrived on the scene after receiving a report from a citizen who witnessed the incident. He said he had nothing to do with the incident, however, and exercised his right to remain silent until he was handed over to U.S. military police around 0020 on 2 June.

Agreement With U.S. To Not Set Up WTO Panel

SK0306023995 Seoul YONHAP in English 0235 GMT 3 Jun 95

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — South Korea and the United States agreed Friday that for the time being they will not establish a dispute settlement panel on the inspection and quarantine system for imported agricultural products in South Korea, a Foreign Ministry spokesman said Saturday.

During the two-day trade talks held in Geneva under the framework of the World Trade Organization (WTO), South Korea proposed to continue bilateral talks without establishing a dispute settlement panel in accordance with the WTO regulations, the spokesman said.

The United States meanwhile said that it will decide whether to set up the panel after reporting the outcome of the talks to the U.S. Government, he said.

During the talks initiated by the United States which brought the case to the WTO in early April, South Korea tried to let the United States know that the country has already introduced the system of "clearance first and inspection later" for imported agricultural products, he said.

The United States said that it is still unsatisfied with the measures taken by South Korea, he said.

The South Korean delegation led by Chang Ki-ho, director general of the Foreign Ministry's International Trade Bureau, will hold another round of trade talks starting Monday with officials of the United States on the shelf-life of meat, sausages and other imported foods in the Korean market.

U.S. Pipe Makers File Petition With USTR

SK0306010395 Seoul THE KOREA TIMES in English 3 Jun 95 p 16

[FBIS Transcribed Text] U.S. pipe and tube manufacturers Thursday filed a petition with the U.S. Trade Representative [USTR] alleging irrational control of exports and prices by Korean makers in connection with Article 301 of the U.S. Trade Act, the Trade, Industry and Energy Ministry said yesterday.

Korean pipe and tube exporters involved in the petition include Pusan Steel Pipe, Hyundai Pipe, Tongbu Steel, Union Steel and Hankuk Steel.

The 24-member U.S. Committee on Pipe and Tube Imports claimed in the petition that Korean steel plate exporters have unfairly gained a competitive edge in the United States thanks to price and export control by the Korean Government, ministry officials said.

The committee was also quoted as claiming that Korean pipe and tube exporters have favorable conditions in the U.S. market as they have formed a cartel, agreeing on such things as voluntary export restraints, with their counterparts in the European Union [EU].

In general, Article 301 has been used to open markets of U.S. trading partners. But this time, the petition aims at reducing exports of Korean steel products to the United States, a ministry official said.

He said that the Korean Government has never controlled prices and exports and there are no voluntary export restraint ties even on a private level between Korean and EU steelmakers in exports to the United States.

The USTR is obligated to make an investigation within 45 days of the arrival of the petition in accordance with Article 301. The ministry will positively explain Korea's opposition to the petition, the official said.

He also said that his ministry will do its utmost to have its position reflected at every stage of the investigation when the probe is launched.

He suggested that the U.S. pipe and tube importers have complained about Korea's practices in steel product pricing and supply rather than dumping-margin practices in the United States as Korean exporters already face punitive anti-dumping duties in stainless steel and carbon steel plate.

Trade Deficit With U.S. 'Rising Fast'

SK0306030695 Seoul YONHAP in English 0215 GMT 3 Jun 95

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — Deficits in South Korea's trade with the United States are rising fast fed mainly by a sharp increase in the introduction of American-made machines and chemical products, statistical figures available from the International Trade and Industry Ministry [MITI] showed Saturday.

Trade deficits with the United States reached 2,370 million dollars in the first four months of this year, a staggering 1,970 million U.S. dollar increase over the same period last year when the deficit recorded was 400 million dollars.

A ministry official said the multifold deficit jump is partly caused by the fact the country's shipments of semiconductors, vehicles and steel goods to the United States have been rising at a significantly reduced pace, while imports of machines, electronic goods and chemical products from the United States have been increasing drastically.

The introduction of American-made machinery and transportation equipment alone amounted to 2,884 million U.S. dollars in the January-April period, up 50.9 percent over a year earlier.

In particular, imports of American-made general machines represented a rise of 65.0 percent over the corresponding period last year, which compares with the 20.6 percent increase recorded during last year's January-April period over the like period in 1993.

The official said Korean industries in general tended to change the source of their machinery imports to the United States as Japan's prices have reflected the rising value of the yen.

Imports of American-made chemical products in the January-April period amounted to 1,665 million dollars, up 27.9 percent from a year earlier. The rise in the same sector during last year's first four months was a mere 7 percent over the corresponding period in 1993.

In addition, imports of farm goods, cars and cigarettes from the United States have also been jumping by leaps and bounds.

In the January-April period this year, the introduction of American farm, forestry and fisheries goods reached 1,537 million dollars, a rise of 53.5 percent over the same period last year. They increased only 10.4 percent the year before.

Imports of American-made vehicles and cigarettes amounted to 52 million and 45 million U.S. dollars in the first four months of the year, up 140.8 and 70.5 percent, respectively, over a year ago.

On the other hand, the country's exports of semiconductors to the United States, which jumped 81.9 percent during last year's January-April period over the previous year, gained only 44.3 percent in the year's first four months.

Increases in automobile shipments to the United States dulled to 17.1 percent in the year's first four months from 111.9 percent a year ago, and that of steel products from 32.9 to 7.2 percent, according to ministry figures.

Military To Introduce U.S. Radar Equipment

SK0206074295 Seoul HANGUK ILBO in Korean 2 Jun 95 p 2

[FBIS Translated Text] It was confirmed on 1 June that the Defense Ministry has finalized its decision to introduce five up-to-date AN/TPQ-37 artillery locating radars from the United States by this year in preparation for a threat from North Korea's long-range weapons.

The AN/TPQ-37 radar can locate weapons that are firing simultaneously from multiple positions. The introduction of the radar had been discussed at the ROK-U.S. defense ministers' talks last year. However, the project was suspended due to controversy over its performance. The Defense Ministry on 29 May held a meeting of related officials and made the final decision to bring in the AN/TPQ-37s in the form of foreign military sales under which the U.S. Government guarantees the capability of the weapon.

The United States had requested that the ROK purchase the AN/TPQ-37s to build up the ROK Army's ground war potential when the tension intensified on the Korean peninsula due to the "setting Seoul ablaze" remark over the North Korean nuclear issue in April 1994. The radar is regarded as an effective system that can respond to 240mm multi-rocket launchers, which North Korea moved to frontline areas.

The radar can detect artillery fired from a position 30 km behind the front line and is effective in the mountainous terrain on the Korean peninsula.

DPRK Trade Group in U.S. To Promote Exports

SK0506021595 Seoul YONHAP in English 0127 GMT 5 Jun 95

[FBIS Transcribed Text] Washington, June 4 (YONHAP) — A five-member North Korean trade delegation arrived in New York Sunday evening to promote its export business with the United States, the first such official visit for business purposes since the 1950-1953 Korean war.

Led by Secretary-General O Tae-pong of the International Trade Promotion Committee, the mission is scheduled to stay in the United States until the weekend mainly to discuss with a New York based Mineral Company matters concerning North Korea's export of magnesite.

A purchasing manager from Mineral Technology Co. which invited the North Koreans said previously that the American firm wished to import about 100,000 tons of magnesite, valued at some 10 million U.S. dollars, from North Korea annually.

Sources in Washington and New York said that the North Korean trade delegation's trip to the United States was realized under the situation that the two sides had already reached a broad range of agreements on the trade of magnesite.

The sources predicted that the two sides will conclude a commercial agreement during the North Korean delegation's stay in the United States and that would be the first such North Korean export to America since before the Korean war.

The U.S. Government had banned the import of goods from hostile countries like North Korea under U.S. law, but it partially lifted the prohibition last January permitting the import of North Korean magnesite and magnesium.

'Food Shortage' Prompts North To Cut Rations

SK0406034195 Seoul TONG-A ILBO in Korean 4 Jun 95 p 1

[FBIS Translated Text] It has been learned that North Korea is suffering its worst food shortage. The distribution of food rations has been delayed for months, even though North Korea has reduced the quantity of its daily rations to a considerable degree.

According to relevant authorities on 3 June, North Korea has reduced the quantity of daily grain rations from 700 to 546 grams, a 20 percent decrease, using as an excuse the need to reserve and save grain for war.

In addition, the ratio of rice to miscellaneous cereals is 2:8 in Pyongyang; in other places, the ratio is either 1:9 or entirely cereals, hinting at the aggravated food situation in North Korea.

In the late 1980's, the ratio of rice to cereals was between 6:4 or 5:5 in Pyongyang.

The relevant authorities have also revealed that, in the mountainous area in the northeast, residents are eking out an existence by eating mountain herbs and tree bark due to the suspension of distribution of rations for months. Even in Pyongyang and in the western plain area, some people have killed themselves out of despair due to the food crisis.

Among the residents of mountainous regions, there have been increasing numbers of pellagra sufferers. Pellagra is a disease caused by a lack of vitamin B; it can be easily seen in such backward countries as India and Africa. Many children are also suffering from beriberi and rickets caused by the food crisis.

World Vision Charity Delivers Millet to North

SK0206054995 Seoul YONHAP in English
0501 GMT 2 Jun 95

[FBIS Transcribed Text] Seoul, June 2 (YONHAP) — World Vision finished earlier this week delivering 500 tons of millet to North Korea under its initial program to aid the reclusive communist country with grains, a government official confirmed Friday.

World Vision originally planned to send 500 tons of corn purchased in China to the North between May 22 and 27, but corn had to be substituted by millet as China had banned the export of corn because of poor harvests last year, the official said.

The organization shipped 240 tons last Sunday and 260 tons Wednesday via the Chinese border city of Tumen, he said.

Due to poor harvests last year, China has banned exports of rice, corn and several other grains, and it is for this reason that Pyongyang is diversifying its grain import sources, according to the official.

As for the second batch of grain aid, World Vision is reportedly seeking ways to ship tens of thousand tons of rice from the port of Mokpo, in the South, to the northern port of Chongjin.

Report Says Pyongyang Residents Being Relocated

1 Million Said Relocating

SK0306214195 Seoul SEOUL SINMUN in Korean
3 Jun 95 p 3

[Editorial: "Expelling 1 Million Pyongyang Citizens"]

[FBIS Translated Text] The news report that 1 million Pyongyang citizens are being forcibly relocated to provincial areas is very shocking. The relocation is known to be a multipurpose measure to prevent an oversized city, readjust production labor, and remove the complainers who are threatening the government. We note with interest the forthcoming effect of the relocation and the food shortage. This reminds us of when Phnom Penh citizens were ruthlessly expelled by the Khmer Rouge to form a basis for the communist regime. The expelling of 1 million Pyongyang citizens plainly reflects the growing difficulties in maintaining the North Korean regime. A concentrated population is the condition to be avoided the most by a communist regime, which controls society with the weapons of food and fear, information interception, and division.

North Korea has already faced the worst ruling crisis in history following the worldwide collapse of socialism and the death of Kim Il-song. The population limit in Pyongyang is said to be 2 million; the current 3.5 million is obviously at a warning level. The city could become a hotbed and a center for spreading unnecessary outside information that may endanger the regime, and for expanding and multiplying the complainers, not only in Pyongyang but throughout North Korea.

Expelling 1 million disqualified persons may help ease the risk. However, it might also serve to increase the circle of complainers. Living in Pyongyang is the supreme privilege in North Korea. No matter how fearful North Korea's communist violence is, the 1 million who are deprived of the privilege will become potential complainers.

The North Korean authorities certainly have considered this. However, the massive expulsions, nevertheless, prove the urgency of the situation. We want coexistence and reunification through spontaneous and orderly reform and democratization, not a sudden collapse, of North Korea. The food shortage and forcible reduction of Pyongyang's population, however, indicate the opposite will happen.

We should interpret this as a sign urging us to hurry preparations for all the possibilities that might occur in North Korea, particularly for potential internal conflict and chaos. North Korea may also spontaneously come forward and open up and reform and request emergency food aid from the ROK. Raising reunification funds could be one of the preparations.

Validity of Report Questioned

SK0406113895 Seoul HANGYORE SINMUN
in Korean 3 Jun 95 p 2

[Article by Kang Tae-ho]

[FBIS Translated Text] The remark by a high-ranking official from the government's intelligence department that North Korea is carrying out work to forcibly relocate 1 million residents of Pyongyang, which is estimated to have a population of 3.4 million, is creating a great stir. The release of this information, which is said to have been confirmed by participants at the April Pyongyang festival, at a time when South-North relations are comparatively sensitive due to the rice aid issue and the abduction of the fishing boat Usong, is raising doubts about its reliability.

According to this high-ranking official, the question of why North Korea is conducting a large-scale relocation of Pyongyang citizens is being analyzed from two angles. First, it is viewed as part of North Korea's "policy to curb the influx of people into the capital." To showcase Pyongyang as a revolutionary city, North Korea has been carrying out measures to limit the population of Pyongyang to 2 million. The reality, however, is that the population of Pyongyang exceeds 3 million due to an influx of rural people into Pyongyang due to the gap in living standards between the capital and local areas.

Second, it is viewed as [a move] to eliminate in advance elements who are a danger to the system by isolating dissatisfied forces through reinvestigating residents' class origins before the inauguration of the Kim Chong-il regime.

This analysis, however, is willfully interpreted and contradictory. First, the reasoning that the relocation is to isolate dissatisfied forces contradicts another remark made by the high-ranking official. This official said himself that forced relocation would bring about various side effects and that, rather than resulting in dispersing the population, there was a high possibility that those relocated would emerge as a new force of disgruntled people.

It is also being pointed out that it is difficult to understand what measures are being taken to disperse the population. According to information by the National Unification Board, Pyongyang encompasses an area 3.5 [number as published] times larger than Seoul. However, its population is one-third smaller than that of Seoul. Of course, since Seoul's [name of city as published] situation is abnormal, and thus recognizes the need to disperse its population, there is no way to explain the various projects that were promoted in the 1980s to create a new urban district in east Pyongyang, such as the Taedonggang district, Tongdaewon district, and Songyo district; to develop a new residential area in west Pyongyang centered around the Mangyongdae district; and to create a large-scale apartment complex on Tongil Street south of the Taedong River, construction of which began full scale in the 1990's. Also, according to information by a government authority, North Korea is suffering from a food shortage. Therefore, there are doubts as to how North Korea would cope with the enormous expense necessary to forcibly relocate one million people and resettle them in new areas.

Mastercard, Visa Reported in Use in North

SK0306014995 Seoul YONHAP in English 0128 GMT 3 Jun 95

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — International credit cards have been in use in the North Korean capital city of Pyongyang since 1991, industry sources said Saturday.

Foreigners visiting North Korea are able to pay for goods and services at hotels and department stores in Pyongyang using their credit cards instead of cash, officials of Seoul branch offices of Mastercard and Visa card companies said.

An official of Mastercard's Seoul office said, "Mastercard has been in use in Pyongyang since 1991 when MBF Bank, headquartered in Kuala Lumpur opened its branch in Pyongyang."

Subscribing to Mastercard's service are about 30 Pyongyang establishments, mostly hotels and department stores, with Koryo and Potonggang Hotels and Taesong and Nakwon Department Stores included on the list of subscribers, according to the official.

Mastercard users, in some cases, are able to charge up to 20,000 U.S. dollars a month with their credit cards, the official said.

An official from Visa's Seoul office said, "Visa cards have been in use in Pyongyang, but when the credit card is used, sale slips are issued as if they were used in Russia or Vietnam."

This statement indicates that when international credit cards are used in Pyongyang documentation is made as if they were used in a third country.

Government To Accept All Escapees From DPRK

SK0506051195 Seoul HANGUK ILBO in Korean 5 Jun 95 p 1

[Report by Yu Sung-u]

[FBIS Translated Text] It was learned on 4 June that the government has set up comprehensive measures to improve human rights in North Korea, with the first phase consisting of accepting all those who escape from North Korea.

The government prepared the measures after discussions with relevant government offices, such as the National Unification Board, the Ministry of Foreign Affairs, the Ministry of Justice, and the Ministry of Health and

Welfare. According to the plan, the government will set out to improve human rights conditions in North Korea, with priority given as follows: escapees from North Korea, repatriated Korean compatriots in North Korea, abductees to North Korea, and ordinary North Korean residents.

Accordingly, the government will direct our diplomatic and consular offices in foreign countries such as China and Russia to accept all escapees from North Korea, including North Korean lumberjacks, who want to change their allegiance.

In order to prepare for a sudden influx of North Korean defectors, the government will secure budgeting at overseas diplomatic and consular offices and strengthen police security. The government will also revise the enforcement ordinance of the law on protecting North Korean defectors in a bid to adjust resettlement funds, compensation money, and housing funds for defectors so that they are more realistically feasible.

A government official stated: "The government has been selective in accepting North Korean escapees who approached our diplomatic and consular offices in foreign countries because they were restricted by what was actually feasible, and turned many of them back after compensating them with hundreds of dollars per person."

He then added: "The government intends to implement a new policy of accepting all North Koreans who want to defect to the ROK."

North Files UN Query on Separated Families

SK0506021695 Seoul YONHAP in English 0120 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — North Korea recently filed an application with the United Nations Human Rights Commission to inform it as to whether 49 residents in South Korea who have families in North Korea are still alive, according to a Foreign Ministry spokesman Monday.

The UN Commission delivered to South Korea three of the 49 cases for confirmation requesting South Korea inform the commission of the living status of the 49 people, he said.

All the three are confirmed to be living in the country and the Foreign Ministry will inform the UN Commission of that fact, he said.

The spokesman, however, said that North Korea did not have to bring the case to the UN Commission because the National Red Crosses from both South and North Korea have contacted each other to confirm the statuses of separated family members and have even arranged reunions for some in the past.

Dismissing as "politically offensive" the North's application for the UN Commission to confirm the living status of family members of some former North Koreans, the spokesman denounced the fact that the North has been refusing to accept offers by South Korea to proceed with another project which would arrange for reunions of separated families.

"They should have accepted the offer by the National Red Cross of South Korea before bringing the case to the United Nations," said the spokesman.

He insisted that the case does not need to be handled by the UN Commission because South Korea has never blocked efforts by the North to confirm the status of separated family members.

North Reorganizes External Economic Organization

SK0206085095 Seoul CHOSON ILBO in Korean 1 Jun 95 p 27

[FBIS Translated Text] Following the recent visit to Japan by Yi Song-nok, chairman of the North Korean Committee for the Promotion of International Trade, to ask for rice, a North Korean trade delegation led by the secretary general of that committee left for the United States on 29 May. North Korea's external trade activities, therefore, are the focus of people's attention. This year, North Korea reorganized the foreign investment and trade section under the External Economic Committee of the Administration Council. Also, North Korea has reportedly reorganized its external economic organizations by placing trade corporations — which had been operated by the ministries and committees of the Administration Council — under the Committee for the Promotion of International Trade. These changes were made to simplify the external trade system that centered on the External Economic Committee. The Committee for the Promotion of External Economic Cooperation will handle attracting foreign investment and export and import facilities, while the Committee for the Promotion of International Trade will handle the trade business.

In March, North Korea reorganized the Koryo National Industrial Development Council into the Guidance Bureau for National Industrial Development and, also, has conducted activities in Beijing through the "Samcholli General Company" and the "Kwangmyongsong General Company," which are subsidiaries of the bureau.

In addition, North Korea has newly established the General Bureau for External Economic Cooperation and, under this bureau, has opened the Guidance Bureau for National Industrial Development, the Najin-Sonbong

Guidance Bureau, the International Joint-Venture General Bureau (Company), and the International Cooperation Bureau, thus enabling them to comprehensively supervise work to handle joint-venture business and to attract investment from South Korean companies, as well as other foreign companies.

The Najin-Sonbong Guidance Bureau, being named the "Korea Economic Development General Company," deals with the work to attract investment from foreign companies into these areas. The International Joint-Venture General Bureau (Company) exclusively carries out joint-venture business with the General Association of Korean Residents in Japan. The International Cooperation Bureau is in charge of joint-venture business with foreign countries other than the ROK and the General Association of Korean Residents in Japan. It is also in charge of the work of inducing foreign investment from these foreign countries.

The General Bureau for External Economic Cooperation is believed to be subordinate to the Committee for the Promotion of External Economic Cooperation in light of the fact that Yim Tae-tok, vice chairman of the Committee for the Promotion of External Economic Cooperation, is the director of the General Bureau. It has been learned that the Committee for the Promotion of External Economic Cooperation (Chairman Kim Chong-u) has separately set up an organization to handle export work for various plants, as well as to promote overseas construction projects. This organization, being called the "Korea Facility General Company," is expected to handle the light-water reactors to be provided to North Korea.

Since the eighties, the Committee for the Promotion of International Trade has been a nonstanding organization that had dealt with trade business with capitalist countries and the states with which North Korea did not have diplomatic relations. However, in recent days, it has dealt with external trade business — which was handled by the Ministry of Trade in the past — and, at the same time, has carried out diplomatic activities to ask foreign countries for economic aid.

Thus, North Korea's rearrangement of its organizations related to the work of attracting foreign investment and the trade business with foreign countries — in which the General Bureau for External Economic Cooperation takes charge of the work of attracting foreign enterprises' investments only while the Committee for the Promotion of International Trade takes charge of the work of carrying out trade business with foreign countries — is believed to be an effort to remove the confusion in its foreign trade activities caused by the diversification of its foreign trade organizations and to redress the unfavorable conditions it has suffered in trade business, including price negotiations.

North: No Plan for 2d Tumen Area Trade Zone

SK0506090495 Seoul YONHAP in English
0713 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — North Korea has no plan to set up a new free trade zone in addition to the existing Najin-Sonbong Free Economic and Trade Area, according to Chong Tok-ku, head of the Finance and Economy Ministry's International Economic Affairs Bureau, who headed a South Korean delegation to the Fifth Program Management Committee Meeting on the development of the Tumen River Basin held in Beijing last week.

Chong quoted North Korean chief delegate Yim Tae-tok at the Beijing meeting as saying that a barbed-wire fence is being erected along the inland border of the Najin-Sonbong area. "By this he meant there would be no additional free trade area in North Korea," he remarked.

South Koreans are no exception to the North Korean rules allowing foreigners no-visa entry into the Najin-Sonbong Free Economic and Trade Zone, Yim was further quoted as saying.

Concerning the agreement establishing a five-nation consultative body for economic development in the Tumen River area and in Northeast Asia — the agreement was initialed by North and South Korea, China, Russia and Mongolia during the Beijing meeting — Chong said South Korea had succeeded in hindering North Korea's attempt to weaken the body's functions and in having the five nations initial the agreement in close cooperation with the other four nations.

The five nations will formally sign the agreement towards the end of September, he added.

On the location of the consultative body's secretariat, the five nations failed to settle their differences, South Korea wants it in Seoul, China in Beijing, and Russia in Vladivostok.

The formal signing of the agreement and related formalities will be completed within the year and the secretariat will formally begin operating early next year, Chong said.

Tri-Country Tumen Development Projects Viewed

SK0506070195 Seoul TONG-A ILBO in Korean 4 Jun 95 p 4

[Report by Mun Myong-ho, member of the TONG-A ILBO editorial board, from the Tumen River]

[FBIS Translated Text] "Here we can hear the cry of roosters in three countries."

A PRC border guard explained this to us as we arrived in Fangchuan, PRC, at the northern end of the Tumen River, where wire fencing and the river form the borders between the PRC, North Korea, and Russia. The blue East Sea [Sea of Japan] is not far away. Standing on PRC territory, North Korea is to the right of the Tumen River, and Russia is to the left. Along with President Jiang Zemin's calligraphy that reads "Guard the northeastern front, demonstrate the national strength of China," which was written during his border inspection, scenes of the wire fences, the iron bridge connecting Russia and North Korea, and the soldiers of the Yanbian Army Border Guard Unit indicated that this was the border area. In the Russian grassland, which is within arm's reach, stout Russian farmers plow the paddies with horses, and across the river in the village of Tumangang-ro, Sonbong-kun of North Korea, some women plow in the paddies. Three fishermen were throwing nets into the river from its banks. The Tumen River is only about 200 meters wide between North Korea and the PRC. If one were to cross the river from the PRC and put one foot on North Korean soil, as long as the other foot remains in the river, one would not be violating the PRC-North Korean border treaty.

Hunchun is about 70 km from Fangchuan, and the northeastern post in Fangchuan is 15 km from the East Sea. The PRC is devoting much effort to developing the so-called Tumen River golden triangle. Dust clouds the streets of Hunchun where high-rises are under construction. A new thermal power plant was built nearby to supply electricity to Hunchun, and new telecommunications facilities have been installed. The PRC has invested a huge amount in the construction of infrastructure for the Tumen River triangle. Professor Yu Guozheng of the Jilin Provincial Social Science Institute confidently said: "Basic construction is complete." Billboards all over Hunchun read: "Let us construct Hunchun. Let us construct the golden triangle," and "Let us single-heartedly cooperate in developing and opening so as to prosper Hunchun." These billboards were written in Korean. Ethnic Koreans account for half of the populationof 240,000.

The problem is that despite the PRC's enormous enthusiasm, investment, and effort, the infrastructure is inefficient. For example, to connect the 200 km of railway between Yanji and Fangchuan, the PRC Government began construction of the Yanji-Hunchun railway in 1990 and completed it in October 1994. However, the railway failed three test operations due to the weak ground, which caused the tracks to sink and also caused derailment. The railway has, of course, yet to start operating, but it will cost more to solidify the ground and repair the railway, and the PRC has not begun the reconstruction work.

As a result, work on constructing the 70-km Hunchun-Fangchuan railway has not begun either. The PRC relocated 200,000 people of Han heritage to Hunchun to develop the area, but many of them are leaving Hunchun. This has caused a sharp decline in the price of the newly built apartments, which mushroomed under the Hunchun development plan. Each family is said to own two to three apartments.

There are two key issues in the development of the Tumen triangle: The PRC must win the navigation rights from North Korea in order to advance into the promising East Sea via the Tumen River, and large-scale dredging work is needed to allow transport ships to enter from the Tumen estuary to the upper banks of PRC territory. PRC scholars are concerned about whether Japan and the ROK, which are the major financial backers of the Tumen River development project, will invest in the dredging, which is expected to cost $30 billion and to take 20 years.

For several years, the PRC has asked North Korea to grant it navigational rights to the East Sea on the North Korea-Russia border section of the Tumen River, but North Korea has refused. North Korea's refusal is apparently linked to its security concerns. The PRC has already obtained permission from Russia. The PRC applied pressure on North Korea by saying that it would use Russia's Khasan Port and thus debilitate Najin-Sonbong's development if the navigational rights were not granted, but North Korea has not relented. In fact, North Korea's development of the Najin-Sonbong area greatly conflicts with the PRC's development plans for Hunchun. Russia is not as interested in the Tumen River development project because Khasan Port is on the East Sea.

On 30 May in Beijing, South and North Korea, the PRC, Russia, and Mongolia initialed an agreement to establish a consultative body for economic development of the Tumen River area and Northeast Asia. From a long-term point of view, the Tumen River development is an ideal project for cooperation between South and North Korea, and for the mutual development and stability of the PRC and Russia in Northeast Asia. However, the countries concerned have conflicting interests, and according to the description by the Chinese, progress is inefficient. Thus, the conclusion drawn from the visit is that phased and prudent participation would be wiser than rushing in.

North Sets Up Customs Post for Trade Zone

SK0406042695 Seoul CHUNGANG ILBO in Korean 4 Jun 95 p 3

[Report by Kim Song-chin]

[FBIS Translated Text] It has been confirmed that North Korea recently completed the establishment of a customs post in Wonjong-ri, a boundary gate to the PRC, to control exits and entries in order to prepare for the opening of the Najin-Sonbong Free Economic and Trade Zone. In addition, it has completed construction of the Najin International Hotel equipped with 200 guest rooms.

The May issue of KOREA TODAY, an English monthly magazine published in Pyongyang, carried a special article introducing the current state of the Najin-Sonbong zone. It also reported that the construction of a road connecting Najin and Wonjong-ri; construction of a fiber-optic cable communications network between Pyongyang and Najin; and construction work for electrification of the railway between Hoeryong and Haksong, a stretch of 168km, is near completion.

The Wonjong-ri area, where the customs post has been established, was absorbed into the previous Najin-Sonbong Free Economic and Trade Zone, taking into account its link with the PRC while mapping out "the general plan for land construction in the Najin-Sonbong region" in 1993.

PRC Sells High-Priced Oil, Coke to North

SK0206022095 Seoul YONHAP in English 0122 GMT 2 Jun 95

[FBIS Transcribed Text] Seoul, June 2 (YONHAP) — China exported crude oil and coke to North Korea in 1993 at prices higher than those it charged South Korea for the same materials, informed sources here said Friday.

According to an analysis done by a relevant government agency on the basis of China's 1993 export statistics by item and country, China exported to North Korea 1,032,954 tons of crude oil for 139,874,277 U.S. dollars, or at a unit price of 135.41 dollars per ton.

In the same year, China sold to South Korea 1,605,140 tons of crude oil for 185,850,109 dollars, at a unit cost of 115.78 dollars.

China thus charged North Korea 19.63 dollars more than South Korea per ton of crude oil.

The same was the case with coke, used by refineries. For 1,567,485 tons of coke it supplied to North Korea, China received 69,867,842 dollars at a per ton unit cost of 44.57 dollars.

On the other hand, China applied a per ton unit cost of 42.47 dollars, 2.10 dollars lower than that applied to the North, for 802,936 tons of coke shipped to South Korea at a total price of 34,104,114 dollars.

But, the unit price of anthracite China charged North Korea was much lower than the price it charged South Korea.

In 1993, China exported 6,593 tons of anthracite to Pyongyang for 173,124 dollars, a unit cost of 26.26 dollars per ton, while exporting to Seoul 387,058 tons of anthracite for 17,191,756 dollars, at a unit cost of 44.42 dollars per ton.

Reportage on Usong 86 Boat Seized by North

SK0406001595 Seoul THE KOREA HERALD in English 4 Jun 95 p 3

[FBIS Transcribed Text] Contrary to an initial news report, the South Korean fishing boat "86 Usong-ho" which was fired upon and towed away by North Korean gunboats in the West Sea [Yellow Sea] Tuesday had never been seized by China, according to officials here yesterday.

It is true that its mother ship, the 101-ton "85 Usong-ho," was seized by China last Saturday for allegedly violating the Chinese territorial waters off Shandong Province, said Navy and National Fisheries Administration (NFA) officials.

While the mother ship was being seized by Chinese authorities, the 103-ton 86 Usong-ho escaped. Through radio messages, the mother ship's skipper told the fishing boat to return to its home port of Inchon and inform the shipping company that he was fined $40,000 by Chinese authorities for violation of China's territorial waters, the officials said.

The skipper went on to say over the radio that his mother ship and its crew could be released only after paying the fine, according to the officials.

En route to Inchon, the 86 Usong-ho's skipper radioed NFA to report of the 85 Usong-ho's seizure and said he and his ship were returning to the home port. But the fishing boat, equipped with poor navigation instruments, was seized by North Korean gunboats some 28 km north of the West Sea border at around 12:50

p.m. Tuesday, apparently due to a navigation error, the officials explained.

Two of the eight crewmen of the ill-fated fishing boat were reported killed and one wounded by the firing of North Korean gunboats.

The South Korean Government is making all efforts for the repatriation of the crewmen and the fishing boat, but no official information is available about any contacts between Seoul and Pyongyang.

Ministry Seeking Release of Usong 85 Fishermen

SK0506094495 Seoul YONHAP in English 0730 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — The Foreign Ministry is contacting Chinese authorities attempting to negotiate an early release of 10 Korean fishermen who were working aboard the Usong No. 85 fishing trawler which was seized by Chinese maritime authorities in May for allegedly violating Chinese territorial waters, Foreign Ministry Spokesman Yu Kwang-sok said Monday.

South Korean Consul General Kim Ho-tae in Qingdao, Shandong Province, met the Korean fishermen Saturday at Longxudao, Shandong Province, where they are being detained, to get their description of what occurred at the time of the seizure, Yu said.

Kim alleged that Usong No. 86 was captured by North Korean patrol boats while on its way back home to inform the authorities of the seizure of Usong No. 85 by the Chinese authorities, according to Yu.

The spokesman quoted Consul General Kim as saying that Korean fishermen insisted that they were not violating Chinese territorial waters at the time of the seizure.

The Chinese authorities, however, claimed that Usong No. 85 was approximately one mile inside Chinese waters when they captured the Korean fishing boat, the spokesman said.

Skipper Kim Su-won was slightly injured while trying to untie the rope the Chinese tied to Usong No. 85 to tug the boat to China, the spokesman said. However, no other fishermen were injured during the seizure, he added.

The consul general delivered food, medical supplies and clothing to the fishermen.

PRC Officials Cancel ROK Entertainers' Show

SK0306071295 Seoul CHUNGANG ILBO in Korean 3 Jun 95 p 3

[By Beijing correspondent Mun Il-hyon]

[FBIS Translated Text] The first Korean Folk Cultural Festival that opened in Harbin, Heilongjiang Province, the PRC on the Tano Holiday on 2 June broke down as PRC authorities abruptly prevented six ROK entertainers from performing in the festival.

This is the first time the PRC has forcibly prevented ROK entertainers from performing, and is regarded as a step in implementing the PRC policy of discouraging ROK citizens from approaching Korean-Chinese society, which could lead to the national division of the PRC. Therefore, this is likely to develop into a sensitive diplomatic controversy between the ROK and the PRC in the future.

According to the residents of Harbin who attended the event, the PRC public security authorities ordered the six ROK entertainers, including singers Hyon Chol and Chu Hyon-mi, not to participate in the event only a few hours before the entertainment program was to begin on the afternoon of 2 June, and prohibited them from leaving their lodgings. Therefore, some 35,000 Korean-Chinese residents who crowded the site of the event strongly protested to the sponsoring party for two hours. According to those who attended the event, despite the armed police's attempts to disperse the crowd by force, thousands of residents remained in the stadium, the site of the event, and continued protesting until night.

Seoul Denies PRC Forcibly Halted Show

SK0306085295 Seoul YONHAP in English 0819 GMT 3 Jun 95

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — A Foreign Ministry official denied reports Saturday that South Korean entertainers gave up forcibly by the Chinese authorities a scheduled plan to participate in the first Korean-Chinese festival, which had opened on Friday in Harbin, Heilongjiang Province, but regrettably suspended due to the unexpected situation.

Some 40,000 Korean residents in China swarmed to see the top singers from their motherland at the open-air ethnic Korean event. The festival had been organized jointly by the Korean Broadcasting System (KBS), an official South Korean TV network, and ethnic Korean organizations. They were reportedly dispersed coercively later by the Chinese authorities.

"The cancellation of the six Korean singers' performance was made pertinent to the Harbin City Government's prior request since the entertainers visited China with tourist visas," said the ministry official, adding that the performers thus decided not to take part in the event.

"It's not true that the Chinese authorities broke up the audiences by force. The Harbin Government is regretful for the revocation, and is now studying with its central government to propel an in-door performance of South Korean entertainers," according to the official.

Meanwhile, the Beijing Government is known to be very sensitive about South Koreans' brisk contacts of late with Korean residents in China, worrying that they might eventually touch off a minority race issue there.

PRC Visitors Asked To Not Stir Up Minorities

SK0306080295 Seoul KBS-1 Radio Network in Korean 0600 GMT 3 Jun 95

[FBIS Translated Text] As the PRC Government has recently begun dealing sensitively with the minority problem, including Korean-Chinese, in China, the ROK Government has decided to take positive steps, such as limiting invitations to China-resident compatriots to events in the ROK, in order to maintain smooth relations between the ROK and China.

It has been learned, therefore, that the ROK will not invite Korean-Chinese to the Korean National Festival to be held in August to celebrate the 50th anniversary of national liberation.

In this connection, the Foreign Ministry is to request the relevant authorities to prepare appropriate public relations measures so that ROK entertainers who participate in Korean-Chinese events in China, will be discreet in their remarks and behavior and ROK tourists and businessmen will not unnecessarily inspire national spirit during their stay in China.

Regarding the breakdown of the Korean National Folk Cultural Festival, which touched off the present situation, the Foreign Ministry said the ROK entertainers, whose performance was not officially approved, went to China with tourist visas and as they attempted to perform in Harbin, the PRC authorities stopped them, resulting in the event itself breaking down.

The Foreign Ministry added that the performance in Harbin, which was jointly sponsored by the Korean Broadcasting System and a Korean-Chinese organization, was supposed to be held as part of the first Korean National Folk Cultural Festival, but due to the cancellation of the event, the entertainers called off their schedule and will return home soon.

Fourth Joint Communications Meeting With PRC

SK0206020195 Seoul THE KOREA HERALD in English 2 Jun 95 p 8

[FBIS Transcribed Text] Korean and Chinese communications ministers yesterday agreed on stepping up bilateral cooperation in jointly developing technology for asynchronous-transfer-mode (ATM) switching machines.

At the 4th Sino-Korean communications meeting, Minister of Information and Communications Kyong Sang-hyon and his Chinese counterpart Wu Jichuan also agreed that the two countries join hands in building information superhighways in each country the Ministry of Information and Communications said yesterday.

The Korean side requested that the Chinese Government allow Korean companies [to] win contracts for installing switching machines in China's Hunan, Shandong and Heilongjiang provinces, ministry officials said.

The two sides decided to boost exchange of communications personnel and expand cooperation in international projects for laying undersea cables, the officials said.

Sharing the view that long-term bilateral cooperation in the communications sector is important, they also agreed on continuing to seek specific ways of cooperation, they added.

Japanese Minister Defends Colonial Annexation

Government Deplores Remarks

SK0406052395 Seoul KBS-1 Radio Network in Korean 0300 GMT 4 Jun 95

[FBIS Translated Text] Reacting to remarks by Michio Watanabe, former deputy prime minister and foreign minister of Japan, that the Japanese annexation of Korea was undertaken not by force but through goodwill, the ROK Government commented today, stating the ROK deplores the absurd and anachronistic remarks.

In response to the remarks by Michio Watanabe that distort history by justifying the Japanese annexation of Korea, the government today issued a comment by the concerned Foreign Ministry official, stating: "It is consternating and very regrettable."

In its comment, the government stated it is an indisputable fact that the treaty for the Japanese annexation of Korea was forcibly signed against the will of our nation. The ROK Government maintains the consistent position that the treaty is invalid as a source.

The government also noted it is far from beneficial to the development of relations between the ROK and Japan that such remarks are made while the two countries are making efforts to establish forward-looking relations based on a correct awareness of history, adding the ROK people are all the more angry and indignant that such anachronistic and absurd remarks were made by a person who was once Japan's deputy prime minister and foreign minister.

The government said the ROK feels it very dubious from a national standpoint that Watanabe, who has such an incorrect awareness of history, has recently visited North Korea as the head of the Japanese coalition opposition party delegation and is currently playing a leading role in moving forward with a plan to provide North Korea with rice in the name of humanitarianism.

Michio Watanabe, former Japanese deputy prime minister and foreign minister, speaking at a meeting of the Utsunomiya Chapter of the Liberal Democratic Party on 3 June, said that although Japan once ruled Korea, the words "colonial rule" are not found in any of the official documents, and the treaty for the Japanese annexation of Korea was signed not under force but through goodwill.

Ruling Party Demands Apology

*SK0406104495 Seoul YONHAP in English
1003 GMT 4 Jun 95*

[FBIS Transcribed Text] Seoul, June 4, (YONHAP)—The ruling Democratic Liberal Party (DLP) demanded apology and retraction from former Japanese Foreign Minister Michio Watanabe, calling his statement an outrageous attempt at distorting historic truth, and absurd.

Pak Pom-chin, the party's spokesman, in a statement on Sunday said some Japanese leaders have yet to feel remorse for their acts of aggression, and continue to make absurd remarks in an attempt to justify them, making mockery of the people in the Asia region, who were victims of their aggression.

He added that Japan would never have moral recognition it deserves in the international community, no matter how great a country it becomes economically, unless the country devoutly recants its historic sins.

Remarks To 'Negatively Affect' Ties

*SK0506090295 Seoul YONHAP in English
0631 GMT 5 Jun 95*

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — Prime Minister Yi Hong-ku said on Monday that the remarks made by former Japanese Foreign Minister Michio Watanabe justifying Japan's colonial rule of Korea will negatively affect Korean-Japanese relations in the future.

The Prime Minister's Office quoted Yi as saying at the senior officials' meeting that the South Korean Government and people cannot but express shock and worry over the absurd remarks made by the former Japanese foreign minister.

Yi was quoted as saying, "Every country is reviewing the meaning of World War II and reflecting on the history again as this year marks the 50th anniversary of the end of World War II. And, Korea is also considering the importance of liberation day, commemorating the freeing of the country from Japanese colonial rule.

"Japan should not make such absurd remarks against history so lightly and should use the remarks as an opportunity to reflect on itself."

He said that the remarks made by one of the Japanese leaders are an obstacle to the future of South Korean-Japanese relations as well as to relations between all Asian countries' future-oriented efforts to form the Asia-Pacific regional cooperation community.

"I strongly hope that these kinds of absurd remarks will not be repeated again," he said.

Pact With Japan on Safety for Military Flights

*SK0506100295 Seoul YONHAP in English
0825 GMT 5 Jun 95*

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — South Korea and Japan on Monday put into force an agreement to institute safety measures in an attempt to prevent air accidents involving their military aircraft while flying in the other country's Air Defense Identification Zone (ADIZ), the Defense Ministry said.

The agreement requires both countries to advise the other of flight schedules in advance in case one country's military aircraft flies into the other's ADIZ, a ministry spokesman said.

In particular, notification of flights by military aircraft in the airspace over the Tsushima Islands must be given to the other country in advance because chances for an air accident is high in that area due to frequent sorties made by military aircraft from both countries.

The agreement will greatly help reduce not only the possibilities of air accidents involving the military planes but also "unnecessary" emergency sorties by interceptors from both countries, the spokesman said.

It will also increase the safety standards of the South Korean Navy's anti-submarine patrol planes flying through Japan's ADIZ, he added.

The agreement, providing the first official safety measures for military aircraft between the two countries, will increase mutual understanding and trust between the two countries in the field of military diplomacy, he remarked.

Russia Denies Abrogating Treaty With DPRK

SK0306011495 Seoul THE KOREA TIMES in English 3 Jun 95 p 2

[FBIS Transcribed Text] The Russian Embassy in Seoul yesterday denied a report that Moscow made an official notification to Seoul about its intention to scrap the Russia-North Korea treaty of mutual assistance.

As was acknowledged by the Russian officials mentioned in the THE KOREA TIMES report in this page on its June 2 issue (Defense Minister Pavel Grachev and Vice Foreign Ministers Sergey Krylov and Aleksandr Panov), the Russian position on the course of possible action related to the Treaty of Friendship, Cooperation and Mutual Assistance between the USSR and the DPRK to which the Russian Federation is the party as the legal successor of the former USSR is now under consideration and in accordance with provisions of the said treaty will be if necessary officially conveyed to the party to the treaty — Democratic Peoples Republic of Korea, prior to informing any third parties," a press release of the embassy said.

With regard to other reports on the agreed formula for the exchange of land plots for embassy sites in Seoul and Moscow, the embassy said that it is "absolutely out of the question that the Korean side can aspire for a plot of land as large as 1.2 hectares," because it agreed to accept only a plot of 0.79 hectares at the former Paichai High School site in Seoul.

"As a matter of fairness the embassy would like to point out that in the course of negotiations the Korean Embassy in Moscow has turned down several proposals of land sites in Moscow which substantially delayed the negotiations," it said.

"It is also necessary to stress that although the Russian side out of good will has agreed to settle the issue of the old Russian property by receiving compensation and exchange of plots, the Russian side has never recognized the legitimacy of actions of the Korean government which unilaterally took over the Russian plot in Seoul back in 1970," it added.

Seoul, Russia Plan Rice Project for North

SK0206092995 Seoul THE KOREA HERALD in English 2 Jun 95 p 8

[FBIS Transcribed Text] South Korean-financed, Russian-grown rice may find its way to North Korea next year if all goes well.

While the rice issue continues to hang over the South-North Korea relations, a private partnership involving a Russian trading firm and South Korean investment is being pursued to ship rice to the North as early as next year.

The International Agricultural Industry (IAI), a Seoul-based private foundation, has agreed with Posjet Trading Co. of Posjet, Russia, to jointly produce 50,000 tons of rice a year in the Russian city of Primorye to supply it to North Korea, it was confirmed yesterday.

Primorye, with a population of 2.8 million, is located on the Russian side of the Tumen River, the bordering waterway between Russia and North Korea. The city was the site of Korean rice cultivation until 1937 when the then Soviet Union relocated the area's Korean residents to the present-day Uzbekistan and Kazakhstan.

IAI President Yi Pyong-hwa told THE KOREA HERALD yesterday he has sealed the agreement in Primorye earlier this week with Posjet, owned by a third-generation Korean-Russian.

"We have [been] receiving inquiries from several South Korean companies with Russian business interests," Lee said over the telephone. He declined to name the companies, but said he will soon lead a delegation of potential investors to Primorye.

Total investment is valued at about $1 million a year beginning next year for the next three years, Lee said. The project is to be financed 100 percent by one or more South Korean business.

The Russian firm has reportedly offered to provide a land space of 20,000 ha and labor force made up of North Koreans and ethnic Koreans residing in China. In exchange for the rice, Posjet is said to be seeking mineral ores from the North.

When asked whether the South Korean Government might object to the deal in light of the continuing intergovernmental rice issue, Yi said he expected the project to run into little obstacle.

"Strictly speaking, it will be a Russian trading company selling to North Korea," he said. He also expressed confidence in Posjet, run by Valentine Pak, whom he compared to a leading South Korean businessman.

"Within the city of Posjet, Pak is compared to South Korea's Chong Chu-yong. I believe Pak has the capacity to pull off the deal," Yi said.

Double Taxation Agreement With UK Revised

SK0506090595 Seoul YONHAP in English
0721 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — South Korea and Britain late last week initialed an amendment to their bilateral agreement on avoidance of double taxation.

The revision was initialed after a four-day working-level meeting which ended in London last Friday, Finance and Economy Ministry officials said Monday.

The first amendment to the agreement since it went into effect in May 1978 was initialed by South Korean chief delegate Yi Kun-kyong, director-general for tax and customs, and his British counterpart John Bryce, assistant director of the International Division of the Board of Inland Revenues.

The two countries will put the amendment into effect upon parliamentary ratifications after being signed by their respective foreign ministers.

It was agreed at the working-level talks that the British Government will return over 200 million won (about 263,000 U.S. dollars) collected in taxes from salaries paid to staff members of the Korea Petroleum Development Corp.'s London office, and not to levy taxes on such salaries in the future so long as no major changes are effected in the corporation's London office activities, the officials said.

It was also agreed to flexibly apply a thin capitalization rule to South Korean firms operating in Britain, according to the officials.

Thin capitalization rule calls for lowering taxes levied on interest on loans by regarding such interest as losses, and helping foreign businesses increase loans they can take while maintaining capital at a low level.

South Korea obtained Britain's understanding of the fact that Korean enterprises normally have higher borrowing rates against capital, the ministry officials said.

Chang Tae-pyong, director of the ministry's International Taxation Division, attached significance to the initialing of the revision in two respects.

"The Organization for Economic Development (OECD) criteria were generally accommodated in the initialed amendment for the first time in the country's revisions of double taxation avoidance agreements with advanced countries. In this regard, the revisions initialed this time will serve as a touchstone for future revisions of similar accords with other OECD member countries," Chang said.

"The revisions will also help the country join the OECD," Chang added.

Bosnian Serbs Urged To Release UN Hostages

SK0306064295 Seoul YONHAP in English
0630 GMT 3 Jun 95

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — South Korean Government on Saturday [3 June] called on the Bosnian Serbs to immediately release all United Nations peacekeepers in Bosnia who are held as hostages or "human shields" by the Bosnian Serbs.

Expressing the deep concern for the recent series of critical developments taking place in Bosnia-Herzegovina, a Foreign Ministry spokesman said in a statement that the South Korean Government gives a full support for the activities of the United Nations and the UN Protections Force (UNPROFOR) in bringing about a peaceful settlement of the Bosnian conflict.

"South Korea urges the conflicting parties to stop resorting to the use of force and to consent to the extension of the agreement for the cessation of hostilities in Bosnia-Herzegovina," the statement said.

"It is the sincere wish of the Korean Government that an early and peaceful resolution to the conflict will be found through the concerted efforts of the international community and direct dialogue among the parties concerned," said the statement.

Brunei, Malaysia & Singapore

Malaysia

Minister Urges Negotiations on Overlapping Claims

BK0106163995 Kuala Lumpur Voice of Malaysia in English 0800 GMT 1 Jun 95

[FBIS Transcribed Text] Malaysia firmly believes that overlapping territorial claims should be resolved through negotiations at the diplomatic level. This was stated by Foreign Minister Datuk Abdullah Ahmad Badawi.

Malaysia also holds the principles that countries involved in such disputes should not resort to military means to (?settle) the matter or strengthen their claims. He told reporters this after meeting the new Philippine foreign secretary, Domingo Siazon, Jr., at Wisma Putera [Ministry of Foreign Affairs] in Kuala Lumpur.

SRV Refugees Hold Protest Against Repatriation

BK0506071095 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 5 Jun 95

[FBIS Translated Text] Illegal Vietnamese immigrants held a demonstration outside a refugee camp in Sungai Besi this morning. The refugees, who were escorted by the Federal Reserve Unit [FRU], gathered peacefully outside the camp at midday.

[Begin unidentified correspondent recording] The demonstration was held to protest a United Nations sponsored voluntary repatriation program. The FRU was mobilized after the immigrants tore down a fence and broke out of the camp. The refugees walked up and down the Seremban-Kuala Lumpur Highway. Some peacefully waved banners urging the authorities not to repatriate them, while others threatened to injure themselves if their demands are not met or distributed leaflets to motorists passing on the highway. The refugees urged the authorities not to repatriate them and thanked the Malaysian Government for its services to them.

There have been no reports of undesirable incidents. The Sungai Besi Refugee Camp, covering an area of 7.36 hectares, is scheduled to be closed in August. Under the UN program, the illegal immigrants will be given financial aid and assured of their safety to begin a new life in their homeland. [end recording]

PAS Supports Razaleigh for Opposition Leader

BK0306092995 Kuala Lumpur NEW STRAITS TIMES in English 1 Jun 95 p 2

[FBIS Transcribed Text] Kuala Lumpur, Wed. [31 May] — PAS [Pan-Malaysian Islamic Party] has high expectations for Parti Melayu Semangat 46 [Malay Party of the Spirit of 46] President Tengku Razaleigh Hamzah to be the next opposition Leader as he can strengthen the opposition parties under Angkatan Perpaduan Ummah (APU) [Islamic Unity Front, a loose coalition of opposition Malay parties] for an effective role in Parliament.

Its secretary general, Halim Arshad, said the party fully supported Tengku Razaleigh, who is member of parliament for Gua Musang in Kelantan, to replace DAP [Democratic Action Party] Secretary General Lim Kit Siang.

"PAS has been working closely with S46 [Malay Party of the Spirit of 46] under the APU platform and we feel that Tengku Razaleigh is the most appropriate candidate in his capacity as chairman of the coalition.

"We will discuss with party officials of S46, DAP, and Parti Bersatu Sabah (PBS) [Sabah United Party] to seek their views for Tengku Razaleigh's nomination for the post over the next two days.

"PAS is very confident that Tengku Razaleigh can combine and further strengthen APU and lead them to play an effective opposition role in Parliament," he told the NEW STRAITS TIMES via telephone today.

Halim said the party would insist on its deputy president, Hadi Awang, to be nominated should Tengku Razaleigh decline to become the next opposition leader, a position similar to a minister with all its privileges.

"Both are capable opposition leaders, but as Tengku Razaleigh is the chairman for APU, it is only proper that he be given priority.

"The time has passed for Lim Kit Siang. Lim himself has also consented towards the change.

"The same goes for PBS party leaders who are also favourable towards Tengku Razaleigh to become the next opposition leader," he added.

Meanwhile in Penang, DAP Deputy President Karpal Singh said the party had already nominated Lim to continue as opposition leader for a sixth consecutive term.

Lim has been opposition leader since 1978 and has been dubbed by the local media as "Mr. Opposition."

"We have already decided on Lim Kit Siang. We have the majority and by convention, the position should be given to us.

"The DAP will meet with other opposition party leaders to seek their consent as we have to reach a decision before the swearing-in ceremony next week," he said.

In the recent general election, the DAP won nine parliamentary seats, while APU secured 13 seats with seven of them obtained by PAS and six by S46. The PBS won eight seats.

Cambodia

UN Official Widyono Receives Death Threat

BK0506054195 Hong Kong AFP in English 0450 GMT 5 Jun 95

[FBIS Transcribed Text] Phnom Penh June 5 — A death threat has been made against the top United Nations representative in Cambodia, Benny Widyono, a newspaper reported Monday.

Widyono said he was given a letter at an International Landmine Conference in Phnom Penh last Friday which said "I will blow your head off," he told the English—language Cambodia Daily. "The letter was signed 'sufferer victim.'"

The UN Secretary-General's special representative to Cambodia would not speculate on who was behind the threat or the motive. But several UN observers told the paper it may be linked to Widyono's defense of the right of the Cambodian parliament to determine the legality of expelling its members.

Last week, Widyono told Cambodia Today that the U.N. Secretary-General's office would not interfere in a controversial move to expel Sam Rangsi, the high-profile former finance minister and an outspoken critic of the government.

Rangsi has sought support from various international corners to ward off his expulsion from parliament.

General Heng Hak, spokesman for the Interior Ministry which is charged with the protection of UN and non-governmental organisation employees, said any threat of violence would be dealt with swiftly.

"We are investigating the incident and we will condemn the wrongdoers in conformity with the law when we find them," he told AFP." "We are here to defend their security so that they can safely do their work in our country.

BLDP's Internal Conflict Reportedly Widens

BK0206161595 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 2 Jun 95 pp 1, 2

[Report by Srei Neat]

[FBIS Translated Text] Kim Sokha, a member of the Steering Committee of the Buddhist Liberal Democratic Party [BLDP] and chairman of the National Assembly's Human Rights and Petitions Commission, told REAKSMEI KAMPUCHEA that he could not support the move by any group to divide the BLDP as long as Samdech Son Sann remains party leader. He said the activities to split the party are not for the party, but personal interest.

Kim Sokha also told REAKSMEI KAMPUCHEA that he was not in the country while the division between Ieng Muli and Samdech Son Sann occurred and that he was now trying to learn about the confrontation between the two groups. He added, however, that he did not want to see the situation currently facing his party.

The conflict between the BLDP chairman, Samdech Son Sann, 83, and the BLDP first vice chairman, Ieng Muli, has exploded and remained serious since the party's Executive Committee — having Samdech Son Sann with it — decided on 13 May to remove Ieng Muli as first vice chairman and to expel him from the party. Ieng Muli, with the support of the party second vice chairman, Penn Thol, and several other members of the party Steering Committee, has rejected the decision by Samdech Son Sann. Now the two sides are trying to justify their reasons.

On 28 May, the sacked party first vice chairman, Ieng Muli, convened a meeting of his steering committee which was attended by 17 party members, most of whom are members of the steering committee. The meeting decided to set up a provisional BLDP headquarters aside from Samdech Son Sann's, a provisional executive office, and also a provisional litigious committee.

Kim Sokha said Ieng Muli's action is not aimed simply at finding out what is right or wrong and that even if Ieng Muli wants to find out whether Samdech Son Sann's decision is right or wrong, he should not act like that, all the same.

Penn Thol told REAKSMEI KAMPUCHEA that the purpose of the steering committee meeting was not to form a new party but to find out what is wrong and what is right because the party chairman is seen to have deviated from party regulations.

Kim Sokha further told REAKSMEI KAMPUCHEA that Son Chhai, who was appointed as general secretary of the provisional executive office at the steering committee's 28 May meeting, told him that the action taken by the group leaning toward Ieng Muli is only aimed at finding out what is wrong or right.

All in all, Kim Sokha argued that Samdech Son Sann still receives support from the majority of party members and the people in general because he is a clean person.

Of the 10 BLDP MPs, including Penn Thol, Kim Sokha, Pol Ham, Son Chhai, Sar Sa-at, Lay Khek, Meas Chanleap, Ieng Muli, Samdech Son Sann, and Son Soubert, half are with Ieng Muli.

Kim Sokhan added that the situation concerning his party actually became bad a long time ago due to the party members not yet clearly understanding what democracy is. He disclosed that "this matter is a real one while some others are stage-managed."

Asked by REAKSMEI KAMPUCHEA whether the division between Samdech Son Sann and Ieng Muli is real, Kim Sokha said as a member of the party Steering Committee and a party member, he cannot say anything because it is the internal affair of the party.

Indonesia

Alatas Says PRC Maritime Map 'Illustrative'

BK0306104295 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 3 Jun 95

[FBIS Translated Text] Foreign Affairs Minister Ali Alatas has stated that China's map that claims part of the Natuna Islands in the Riau Archipelago is simply illustrative because the map is not supported by coordinates and topographic details. Ali Alatas, who spoke to reporters after meeting Philippine Foreign Affairs Secretary Domingo Siazon, Jr. in Jakarta, called on press circles not to publish nonexistent news reports on the matter.

Meanwhile, replying to reporters on the Moro National Liberation Front [MNLF], Foreign Affairs Secretary Domingo Siazon, Jr. said that the Philippine Government needs greater assistance from the Indonesian Government to settle the issue. Domingo Siazon, Jr. expressed his appreciation of the Indonesian Government for its assistance in negotiations between the Philippine Government and the MNLF.

Military Chief on 'Bugging' at Canberra Mission

BK0206141995 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 2 Jun 95

[FBIS Translated Text] The Indonesian Government will not inspect the communications facilities used at its missions overseas despite reports of bugging by foreign agents. Speaking in Pekalongan today, Armed Forces Commander General Feisal Tanjung said Indonesian diplomats have never carried out espionage activities against other foreign embassies because this is considered unethical. Speaking earlier in Surabaya, the Armed Forces commander said there is no concrete proof on the reported bugging of the Indonesian mission in Canberra. On behalf of the Indonesian Government, the Directorate of Foreign Information Service has expressed its concern over the matter to the Australian Government via the Indonesian Embassy in Canberra.

Australian 'Spying' on Foreign Missions Viewed

BK0206131895 Jakarta KOMPAS in Indonesian 2 Jun 95 p 4

[Editorial: "Diplomatic Surveillance Is Aimed More at Economic Superiority"]

[FBIS Translated Text] News of Australia's being engaged in surveillance operations against foreign missions in Canberra have been spreading in this region over the past week. The Thursday edition of the SYDNEY MORNING HERALD (25 May) carried a report saying Japan had installed a high-technology device for espionage purposes at the Australian Embassy in Jakarta. Japan strongly protested the accusation put forward by intelligence sources.

Simultaneously, other reports stated that the Australian Government had been spying on the Chinese Embassy in Australia. On the reverse, the Australian Security Intelligence Organization, ASIO, some time ago suspected China of intensifying its spying activities in Australia. And yesterday we read a report that Australia had been spying on the Republic of Indonesia Embassy in Canberra with the cooperation of the United States.

We admit that espionage stories are interesting. Usually they are highlighted by action and drama — mostly depicted in Ian Fleming's stories through his James Bond character.

Espionage can shake the government or topple any government official. Women and technology have become an inseparable requirement for these activities.

In a world that is full of threats of war and border conflicts, solid espionage is marked by the objective of gathering information on the defense strategy of the opponent country. In a world that is full of competition in economy and industries, espionage activities are strongly marked by the effort to obtain information on industrial technology. Thus this is the current feature of espionage, even though the activities to intercept military secrets are still carried out.

Recently, France accused five Americans of spying. The French secret agent said that the Americans tried to recruit French officials involved in the GATT talks. We knew that the two countries were once involved in a trade dispute. France accused that by making such a move, the United States would have people who are pro-Washington at trade negotiation talks.

Probably, the French accusation was an expression of dissatisfaction with the United States, whose intelligence agents managed to foil contracts for modernization of Saudi Arabian airlines and a radar installation for tropical forest research in Brazil which France almost won.

France is now placing economic espionage activities at the top of its list of priorities equal to that of national security. This is because U.S. spying on its economic activities will amount to an act against French national security.

In practice, the involvement of women in espionage activities did not stop after the Matahari espionage was exposed during World War I. Recently, the Indian space research agency was rocked by espionage that involved a Maldivian woman. The notorious scandal became a big spying case in India.

However, it is technology that has brought about a spectacular change in espionage activities. The SYDNEY MORNING HERALD said that Japan directed infrared rays at one of the windows of the Australian Embassy at a distance of 600 meters to detect the gentle vibration on the window pane caused by sounds or voices in a room. The technology for espionage activities and the people who acquire the technology continue to increase. The intelligence agents of the former Soviet Union are aware that they can lose their jobs for military and political reasons. But they later discovered that with the end of the Cold War, the demand for intelligence agents and equipment did not decrease. Russia, now a fast developing country, is still in great demand for them.

Marina Lapenkova, from the AFP News Agency, said that there are many ways for intelligence agents to intercept information on industries. For example, a minimicrophone that is hidden in a pen can be left unclaimed on the discussion table. Another means, "an empty cigarette box" can be thrown at random in the wastepaper basket before leaving the negotiations room to bug and listen for a competitor's trade secrets.

Currently, several new technologies have been developed for use in the espionage war for industrial secrets. A minicamera and telephone bugging devices have been acquired by those in power. Besides, there is a handbag or a book that can be filled with recording equipment and cameras. These devices are offered to consumers through promotional campaigns as items that are capable of preventing sabotage and checking the honesty of employees, and exposing the secrets of competitors.

A new book entitled *Industrial Espionage and Counterespionage* has been published in Russia. It lists a catalogue of 100 devices that are produced by the intelligence experts of the former Soviet Union.

Responding to reports that the Australian Government has been spying on the Indonesian Embassy in Canberra, Foreign Minister Ali Alatas said that spying is natural and is one part of diplomatic life. Therefore the press should not blow this issue out of proportion. Bill Morrison, former Australian ambassador to Indonesia (1985-88), said on Thursday that he was not shocked to hear about the espionage activities against nine foreign missions in Canberra or on the residences of Australian diplomats overseas. He admitted that everyone is involved in espionage activities. "The other people could be better than others," he added.

Ali Alatas says it is difficult to prosecute those involved in espionage activities and what we can do is to be on the alert. The foreign minister also says that the security system of each country has been formulated to the extent that it is least affected by spying, such as by using secret codes.

If some information can be bugged by others, that will be likened with toy horses in a merry-go-round that can create a code system, which is defeated by those who decode it. The reality has made everyone on constant alert against others.

Singapore's Goh Chok Tong Arrives for Visit

BK0106134395 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 1 Jun 95

[FBIS Translated Text] Singapore Prime Minister Goh Chok Tong is scheduled to hold a news conference at Jakarta's State Guest House this afternoon. He arrived in Jakarta this morning and was personally welcomed by President Suharto at the Merdeka Palace.

The Singapore prime minister is making a two-day working visit to Indonesia as part of routine visits among ASEAN leaders. President Suharto will host a banquet in honor of the visiting Singapore prime minister at the State Palace this evening.

Discusses Investment With Suharto

BK0106150795 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 1 Jun 95

[FBIS Translated Excerpt] President Suharto held talks with visiting Singapore Prime Minister Goh Chok Tong at the Merdeka Presidential Palace in Jakarta today. Let us now listen to our correspondent Sukarno Marno on the event.

[Begin recording] [Sukarno Marno] Good day. About 30 minutes ago, Minister/State Secretary Murdiono briefed journalists about the outcome of the talks between President Suharto and Singapore Prime Minister Goh Chok Tong. Murdiono said the talks between the leaders of the two neighboring countries proceeded in a cordial manner and was full of understanding. The two leaders expressed their appreciation for the success achieved under the Sijori [Singapore, Johor, and Riau) development project. Listeners! Here is Murdiono presenting a complete report on the talks between the two leaders.

[Murdiono] The two leaders agreed to support the further enhancement of current ties. Prime Minister Goh expressed Singapore's willingness to promote tourism as a follow-up to their meeting in Yogyakarta some time ago. President Suharto told Goh that Singapore businessmen are welcome to participate in infrastructure projects in Indonesia, particularly in the construction of sea ports. President Suharto feels that Indonesia should have more gateways to ensure the speedier flow of exports of nonoil and nongas commodities. This is because the existing ports in Tanjungpriok and Cirebon are no longer adequate in handling increasing exports of commodities. President Suharto informed Goh of the yen's sharp appreciation against the U.S. dollar which has had an impact on the Indonesian economy. [passage omitted on upcoming exhibitions in Singapore]

On regional and international issues, the two leaders focused on the outcome of the Asia-Pacific Economic Cooperation (APEC) leaders meeting in Bogor and efforts to unify their respective perceptions on moves to be taken at the upcoming APEC leaders meeting in Osaka. [words indistinct] [end recording]

Speaks at News Conference

BK0106161995 Singapore Radio Corporation of Singapore in English 1300 GMT 1 Jun 95

[FBIS Transcribed Text] Prime Minister Goh Chok Tong, who is now in Jakarta, has said that Singapore will continue to invest in Indonesia and other ASEAN countries. He said this in response to a request by President Suharto to take part in the infrastructural development of Indonesia. These include the development of power stations, ports, and a highway between Jakarta and Bogor.

Mr. Goh, who is on a two-day visit, held two hours of talks with President Suharto. Among the issues raised were the Asia-Europe summit to be held in Thailand. Mr. Goh said the meeting will be small, but the doors remain open for the participation of Australia and New Zealand at a later date.

On APEC [Asia-Pacific Economic Cooperation], Mr. Goh urged Japan to come up with a clear program to achieve the APEC target of trade liberalization by the year 2020. He expressed concern about reports that Japan is not going full steam ahead in coming up with a concrete plan. The country will be hosting the third meeting of APEC economic leaders in Osaka in November.

Speaking at a news conference, Mr. Goh said he had lobbied hard for the realization of the Bogor Declaration made at last year's meeting in Indonesia.

Mr. Goh, who is attending a dinner hosted by President Suharto, leaves for home tomorrow.

Foreign Minister Signs 2 Agreements With Spain

BK3105123995 Jakarta ANTARA in Indonesian 1613 GMT 30 May 95

[FBIS Translated Text] Jakarta, 30 May (ANTARA) — Foreign Minister Ali Alatas and Spanish Trade and Tourism Minister Javier Gomes-Navarro, who represented their respective governments, signed an agreement on investment protection and also an agreement on the avoidance of double taxation in Jakarta on Tuesday.

Speaking during the signing ceremony, Alatas said: "We hope that the two agreements will upgrade and widen economic relations further between the two countries."

He said with the signing of the two agreements, a solider basis will be laid for the business communities of the two countries, particularly in joint partnerships.

According to him, more advantages and opportunities will be open for active and creative private sectors to utilize their potential in mutually beneficial bilateral relations.

As for the investors of the two countries, the two agreements will act as a guarantee toward continuous activities, particularly for activities on expropriation, transfer obstacles, and the settlement of misunderstandings through a legal process under the avoidance of double taxation.

Spain's investments in Indonesia amounted to U.S.$132.2 million up to 30 April 1995. The country invested in the sectors of mining, furniture, hotel industry, electronics, and trade.

Up to now Indonesia has signed investment protection agreements with 25 countries and also agreements on the avoidance of double taxation with 30 countries.

Laos

Deputy Minister Receives U.S. House Delegation

BK0106032795 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 31 May 95

[FBIS Translated Text] Deputy Foreign Minister Souban Salitthilat received a delegation from the U.S. House of Representatives at the Ministry of Foreign Affairs yesterday morning. The delegation, led by Dana Rohrabacher, member of the U.S. House of Representatives Committee on Foreign Affairs, is on a two-day visit to the Lao People's Democratic Republic.

Rohrabacher expressed [words indistinct] the reception by Souban and informed the latter that the visit was aimed at learning about the Lao Government policy concerning the return of Lao refugees from abroad.

Souban informed his guests that the Lao Government has been implementing a humanitarian policy toward refugees who returned home, ensuring that they come back on a voluntary basis with honor and safety.

Souban also reaffirmed the determination of the Lao Government to continue its cooperation with international organizations, in particular the UNHCR, in implementing the policy and urged the U.S. side to explain the policy to the U.S. Government and Congress and persuade those undecided Lao refugees to return home on a voluntary basis.

The meeting proceeded in an atmosphere of straightforwardness and mutual understanding.

Among those attending the meeting were Victor Tomseth, U.S. ambassador extraordinary and plenipotentiary to Laos.

UK Deputy Secretary of State Arrives for Talks

BK0206140695 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 2 Jun 95

[FBIS Translated Text] His Excellency [H.E.] Khamphoui Keoboualapha, deputy prime minister and chairman of the Planning and Cooperation Committee, received at the Lan Xang Hotel in Vientiane yesterday afternoon, a courtesy call from H.E. Alastair Goodlad, deputy secretary of state for foreign and commonwealth affairs of the United Kingdom. H.E. Khamphoui Keoboualapha, expressed a hearty welcome to the guest. He highly assessed H.E. Alastair Goodlad's official visit to Laos and noted that the visit will contribute to the strengthening of mutual understanding and bring about a new step in the development of the Lao-British relations and cooperation for the lofty benefit of the peoples of the two countries.

On this occasion, H.E. Alastair Goodlad informed H.E. Khamphoui Keoboualapha of the outcome of his delegation's talks with a delegation of our Lao Foreign Affairs Ministry led by H.E. Souban Salitthilat, acting minister of foreign affairs. He said in the talks, which were held at the Foreign Affairs Ministry on the same afternoon, the two sides informed each other of their domestic situation and discussed various issues of common interest, such as the cooperation in suppressing and controlling narcotics, the international situation, and the problems of the relations with various countries in the Asia-Pacific region.

Following the talks, H.E. Alastair Goodlad and H.E. Souban Salitthilat jointly signed an agreement on the promotion and protection of foreign investments in Laos.

H.E. Alastair Goodlad and his delegation, which also includes 14 British businessmen, arrived in Vientiane yesterday. They were warmly welcomed upon their arrival by H.E. Souban Salitthilat, acting minister of foreign affairs, along with many high-ranking Lao cadres. H.E. Alastair Goodlad and the delegation are currently on a three-day official visit to Laos. During the visit, in addition to paying courtesy calls on Lao leaders, the delegation is scheduled to meet with a high-level delegation of our Lao Foreign Affairs Ministry and officials in charge of foreign investments. It will also travel to visit the Nam Ngum hydropower dam which was built with assistance from the EC. H.E. Alastair Goodlad is scheduled to preside over the inauguration of the British Trade Office in Vientiane. The UK delegation will also visit many places of historic significance.

Concludes Visit, Departs 3 Jun

BK0306135595 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 3 Jun 95

[FBIS Translated Text] His Excellency [H.E.] Alastair Goodlad, deputy secretary of state for foreign and commonwealth affairs of the United Kingdom, and his delegation left Vientiane for home this morning after ending a three-day official visit to the Lao People's Democratic Republic [LPDR]. The visit was in response to an invitation by H.E. Somsavat Lengsavat, foreign affairs minister of the LPDR. H.E. Alastair Goodlad and the delegation were seen off at Wattai Airport by H.E. Souban Salitthilat, acting minister of foreign affairs, along with high-ranking cadres concerned from both sides.

During the visit on 2 and 3 June 1995, the UK delegation and 14 British businessmen accompanying the delegation met with H.E. Trade Minister Sompadit

Volasan, held a meeting with the Lao Trade Council, visited the Nam Ngum hydropower dam project which was built with assistance from the European Federation, presented money totaling L10,000 of British currency as aid to the VIENTIANE TIMES, presented an amount of L5,000 as aid to the environment preservation fund, attended the inauguration ceremony of the British Trade Office in Vientiane, and visited various places of historic significance.

Khamtai, Delegation Begin Japan Visit 31 May

BK0106043495 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 31 May 95

[FBIS Translated Text] His Excellency [H.E.] Khamtai Siphandon, prime minister of the Lao People's Democratic Republic [LPDR], and his delegation left Vientiane this morning for an official working visit to Japan scheduled to last through 4 June.

An official farewell ceremony was organized at the Prime Minister's Office in Vientiane and attended by Khamphoui Keoboualapha, deputy prime minister and chairman of the Commission for Planning and Cooperation, ministers, deputy ministers, and a number of high-level cadres.

During the visit, Khamtai and his delegation will be granted an audience with the Japanese emperor and meet with the Japanese prime minister. The prime minister will give a lecture at the Federation of Economic Organizations and visit the Honda auto production plant [words indistinct].

Accompanying the prime minister are H.E. Somsavat Lengsavat, minister of foreign affairs; H.E. Bouason Boupphavong, deputy minister of the Prime Minister's Office; H.E. Leuan Sombounkhan, vice chiarman of the Commission for Planning and Cooperation, and a number of other entourage members.

Return From Official Visit 4 Jun

BK0506091095 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 5 Jun 95

[FBIS Translated Text] His Excellency [H.E.] Khamtai Siphandon, prime minister of the Lao People's Democratic Republic, returned to the capital, Vientiane, yesterday afternoon after ending an official working visit to Japan that began on 31 May at the invitation of Japanese Prime Minister Tomiichi Murayama.

An official welcome ceremony was held for H.E. Prime Minister Khamtai Siphandon and his delegation at the Prime Minister's Office in Vientiane. It was attended by H.E. Khamphoui Keoboualapha, deputy prime minister and chairman of the Committee for Planning and Cooperation; ministers; chairmen of ministerial-level organizations; deputy ministers; H.E. Boun-gnang Volachit, mayor of Vientiane Municipality; high-ranking officials concerned; and (Toburo Tato), charge d'affaires ad interim of the Japanese Embassy in Laos.

Border Crossing Point Accord Signed With China

BK0306114295 Vientiane VIENTIANE TIMES in English 26 May-1 Jun 95 p 1

[FBIS Transcribed Text] A road through the border area linking Boten and Bohan will be the only gateway for cargo and passenger transportation between China and Laos, following an agreement by the two countries recently.

The road connects Luang Namtha and Oudomsai towns on the Lao side, and Xiang Houng in Yunnan province on the Chinese side.

The agreement was formalised in a memorandum signed on May 17 in Vientiane between the visiting delegation of the Communication Authority of China and the representative of the Ministry of Communications, Transport, Post and Construction. The document also covers transit procedures and permits for transit transportation. This was in implementation of an agreement on goods and passenger transportation between the two countries, signed last year.

The Boten-Bohan crossing point will be the only gateway by land between Laos and China.

If the volume and quantity of goods and passengers increase substantially, the sides will consider opening more border crossings.

In July last year, technical delegations from the two ministries met in Vientiane to discuss cooperation in communications and to work on the draft agreement concerning standard rules for river transport of cargo and passengers.

The agreement was signed in November when the Chinese Communication Minister visited Laos, after his trip to Thailand, where he had similar talks with his Thai counterpart.

It was the first legal document allowing the movement of goods overland and by river between the two countries.

Also signed on the same occasion were two protocols on the issue of transport licences.

Philippines

Manila Reiterates Call for Demilitarization

BK0506090895 Manila MANILA STANDARD in English 31 May 95 p 2

[Report by Merlinda Manalo]

[FBIS Transcribed Text] The Philippines has reiterated its call for a freeze in military activities in the South China amid its ongoing dispute with China over a reef in the disputed Spratlys, a senior foreign official said.

Foreign Affairs Undersecretary Rodolfo Severino said the call to declare the South China Sea a demilitarized zone was raised during the recent senior officials' meeting of the ASEAN Regional Forum [ARF] in Brunei.

Several delegations to the 18-nations ARF have also emphasized the need to ensure the freedom of navigation in the South China Sea, a vital sea lane which links Northeast Asia to the Indian Ocean, Severino said.

The United States, for instance, reiterated its concern on territorial claims which run counter to the United Nations Convention on the Law of the Sea (UNCLOS) which specifies a 200-mile exclusive economic zone for coastal states.

President Ramos has called for the demilitarization of the Spratlys during his state visit to Vietnam in March last year, in a bid to ease tension in the region due to China's military buildup in the disputed area.

There was no firm commitment from the other Spratlys Islands claimants, which include China, Vietnam, Malaysia, Brunei, and Taiwan.

In February, Philippine military officials discovered that China had built structures and had stationed military ships in the Philippine-claimed Mischief Reef of the Spratlys, setting off a diplomatic dispute between the two countries.

Maximum restraint

"Most of the delegations to the ARF senior officials' meeting have urged maximum restraint and have called on all parties in the dispute to refrain from unilateral acts," Severino said.

Severino said discussions on the Spratlys dispute had taken up most of the time in the meeting, relegating to the sidelines issues concerning the Korean Peninsula and the situation in Cambodia.

The ARF is the first-ever forum on security issues for Asia- Pacific countries. It is composed of the six-nation ASEAN — the Philippines, Singapore, Thailand, Indonesia, Brunei, Malaysia; and countries which serve as dialog and consultative partners such as the United States, Russia, Australia, China, Canada, and Japan.

The ARF will convene anew at the ministerial level in July in Brunei.

Ramos 'Pushing' Economic Diplomacy With PRC

BK0506091395 Manila MANILA STANDARD in English 1 Jun 95 p 2

[Report by Joem H. Magaspac]

[FBIS Transcribed Text] President Ramos is vigorously pushing his economic diplomacy thrust with China in an apparent bid to gain more goodwill and convince China to agree to the Philippine stand for all claimant countries to jointly develop the Spratly group of islands in the South China Sea.

Mr. Ramos is set to recommend three measures that will enhance economic and cultural ties between the Philippines and China, a move that will set the tone for the peaceful resolution of the thorny territorial dispute consistent with the desire of the Philippines and other members of the Association of Southeast Asian nations.

The measures were recommended by the Cabinet Cluster E (Political and National Security). These measures will complement Executive Order [E.O.] No. 244 which further expanded trade ties between the Philippines and China.

In E.O. 244, the president deleted China from the list of socialist and centrally-planned economy countries, saying "market forces now play a role in China's economy, making it one of the most vibrant in the world today."

The three measures are: enhancing RP [Republic of the Philippines]-China business relations on a bilateral level, promoting RP-China business relations on a multilateral level to include other interested countries, and establishing province-to- province/city-to-city sister relations between the Philippines and China.

The province-to-province sister relations can be pursued between Hainan Province of China and Palawan of the Philippines for closer economic relations.

Regional Support

During a cabinet meeting, Foreign Affairs Secretary Domingo Siazon informed the president that 14 of the 18 delegations to the recently-concluded ASEAN Regional Forum Senior Officials Meeting in Brunei Darussalam extended their support to the Philippines.

These officials called on all the claimant countries to the Spratlys in the South China Sea to adhere to the Manila ASEAN Declaration of 1992.

The Manila Declaration calls for the peaceful resolution of conflict and joint exploration and development of the disputed islands in the South China Sea by the claimant countries.

Aside from the Philippines and China, other claimants include Malaysia, Brunei Darussalam, Vietnam and Taiwan.

Also, the president assured China that it will support its bid to become a member of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI).

The Chinese request was relayed to President Ramos by Ambassador Alfonso Yuchengco who was dispatched to China on a special mission by Mr. Ramos.

Yuchengco, one of the country's most respected businessmen and the CACCI chairman, said it was the head of the China Federation of Commerce and Industry who asked that the Philippines support its membership to the CACCI.

Malacanang immediately hailed Yuchengco for his success in his special mission.

Malacanang said Yuchengco's trip represents an important component in the ongoing dialogue between the Philippines and China to explore positive ways of addressing questions related to the South China Sea, specially from the perspective of development as well as bilateral trade and economic cooperation between the two countries.

Ramos Says Government To Assert Sovereignty

BK0506094095 Manila MANILA STANDARD in English 2 Jun 95 p 6

[Report by Joem H. Macaspac]

[FBIS Transcribed Text] President Ramos yesterday said despite an undeveloped armed forces, the Philippines will assert its sovereignty and fight off attempts to grab pieces of its territory.

"A small nation — without a mighty arsenal — is not exactly powerless ... a peace-loving country can survive and prosper in freedom if it knows how to keep vigil over its interest and to mobilize her people's morale," Mr. Ramos said during the 97th anniversary celebrations of the Philippine Navy at the Bonifacio Naval Station.

But Mr. Ramos stressed that his administration will vigorously pursue the modernization of the Philippine Navy, saying that eventually, the Philippines must keep abreast with its more developed neighbors in protecting its territorial waters.

"National security is not just a matter of weaponry ... we must remember that right does not depend on military might, and that it is dangerous to equate vigilance with military spending," Mr. Ramos added.

Mr. Ramos assured skeptics that the vital work to push the development of the Navy has begun with the improvement of equipment, weapons systems, and manpower training.

He said the Navy, despite its limited resources and weaponry, has been effective in combating pirates, smugglers, and poachers. These unlawful activities seriously deprive the people of revenues and other resources vital to life and the growth of the nation he said.

The president said activities of illegal aliens and foreign fishermen poaching in Philippine waters are in fact predatory acts against the patrimony of the people.

The Navy has commissioned six patrol crafts.

These are the BRP [Republic of the Philippines ship] Enriquez Jurado; the BRP Simeon Castro; BRP Liberato Picar; BRP Hilario Ruiz; BRP Rafael Paragas; and BRP Nestor Reinoso.

Mr. Ramos said the patrol vessels will boost the Navy's capability to combat piracy and smuggling.

This, he said, shows the government's resolve to build an effective naval force that can serve the interest of the archipelago.

Canadian Expert Proposes Solution to Dispute

BK0506094295 Quezon City MALAYA in English 2 Jun 95 p 11

[Report by Jean Magdaraog]

[FBIS Transcribed Text] Nobody wants a shooting war over the disputed Spratlys group, but the situation could turn dangerous with the military buildup of the countries claiming the area in whole or in parts.

This was the assessment of Dr. Paul M. Evans, a visiting Canadian regional security expert.

Evans, in an interview, said the key to resolving the issue is to invite China to multilateral negotiations. China has declared the whole Spratlys as part of its territory. The Philippines, Vietnam, Taiwan, Malaysia, and Brunei claim parts.

"Direct discussion between Beijing and Manila, although helpful in limited ways, is not part of the resolution. The big solution is ultimately is to have some kind of multilateral process to resolve the South China Sea issue," Evans said.

China has insisted the dispute be taken up bilaterally. Evans believes the Chinese could be more flexible.

"I don't think (multilateral approach) is their first choice. They will try whatever they can to avoid it. However, there is already a multilateral process that could be built upon," Evans said.

"One of them is the series of conferences on conflict resolutions, on managing conflicts in the South China Sea which is organized by Indonesia and supported by Canada," Evans said.

Evans said the proper framework is joint cooperation of the dispute areas.

"Settlement around jurisdiction is impossible," he said. The way to do it is to "move the talks from sovereignty question to joint cooperation."

"There should be patience and respect among the claimants," he said.

Evans said the regional organizations should avoid alienating China. "There is some reluctance on China to be part of a multilateral process but I think that to isolate China is unwise," Evans said.

"The long term and real strategy is to get China more engaged in the region. The worst reaction is to try and isolate China," he added.

While Evans is "soft" on China on the Spratlys issue, he advises Japan and ASEAN to exert regional pressure on China to end nuclear testing.

"I think China's nuclear testing is terribly unfortunate. This is one of those awkward matters in which the Chinese are trying to send a signal to the large nuclear powers," he said.

"All it does is add to the distrust toward China and encourage some countries that are non-nuclear to think this is a realistic option," he said.

Maintaining stability in the region, Evans said, requires the continued presence of the United States.

"The value of keeping the United States here through its bilateral relations with Japan, with Korea is something that should be encouraged," he said.

"Engaging long-term American interest in the region greatly reduces the likelihood of countries like Japan and South Korea going nuclear," he said.

PRC Seeks Membership in Chambers of Commerce

BK0506092595 Manila MANILA STANDARD in English 31 May 95 p 7

[Report by Fel V. Maragay]

[FBIS Transcribed Text] President Ramos was informed yesterday that the People's Republic of China (PROC) is seeking the support of the Philippines in its bid to become a member of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI), now composed of 18 countries in the region.

Ambassador Alfonso Yuchengco, CACCI president, said China's plan to join the regional business grouping was presented to him during his visit to Beijing two weeks ago.

Yuchengco, one of the country's most respected business leaders, was dispatched by the president on a special mission to China where he served as Philippine ambassador during the Aquino administration.

Courtesy call

He was sent to China in his capacity as head of the Council of Private Sector Advisers of the Marine and Archipelagic Development Policy Task Force Group (MAD-PTG).

Yuchengco accompanied CACCI officials during a courtesy call on President Ramos. The CACCI officials who are attending a two-day summit in Manila, are from Taiwan, South Korea, Thailand, New Zealand, Australia, Bangladesh, India, Japan, Hong Kong, Malaysia, Pakistan, Sri Lanka, Vietnam, and the Philippines.

Ambassador Yuchengco told the president that during his trip to China, he took advantage of the opportunity to visit the old China Federation of Commerce and Industry (CFCI).

"The CFCI chairman told me he would like to join CACCI as a member. So far, China has never been a member of CACCI and at this moment we have this discussion about the possibility of inviting PROC to be a member," Yuchengco said.

Yuchengco also informed the president that the two-day CACCI conference is being held to enhance trade and economic cooperation among the 18 member-countries from the Asia-Pacific region.

Mr. Ramos welcomed the initiatives of the foreign chambers of commerce in the region to foster closer trade and investment ties, saying this government will continue to put in place an open business environment.

He said the Philippine Government has been laying the necessary reforms to ensure a better environment for investors.

"Here we have tried to open as much as possible so that people can be more comfortable investing and doing business here in the Philippines," the president said.

Former envoy

Earlier, Yuchengco reported to the Chief Executive that during his trip to Beijing, he met with the Chinese foreign affairs assistant minister for Asian and Pacific Affairs, and former Ambassador to Manila, Wang Yingfang.

He said Ambassador Wang handed over President Ramos' letter dated May 18 to Chinese President Jiang Zemin. The letter contained a reply to President Jiang's letter to Ramos transmitted through Ambassador Guan Dengming, Beijing's new envoy to Manila.

Malacanang said Ambassador Yuchengco's mission represents an important component in the ongoing dialog between the Philippines and China to explore positive ways of addressing questions related to the South China Sea, especially from the perspective of developments, as well as bilateral trade and economic cooperation between the two countries.

Thailand

Columnist Deplores U.S. Advice on Burma

BK0306150995 Bangkok NAEO NA in Thai 3 Jun 95 p 2

[Column by Chula Kaeomongkhon: "U.S. Urges Thailand and ASEAN: Isolate Burma, Pressure China"]

[FBIS Translated Text] The United States is lobbying for Thailand and ASEAN to wage a war on two fronts:

1. China: to oppose its violation of human rights, its policy of expansionism, and bullying against its neighbors. The United States even warned that Thailand and ASEAN would be in trouble within 10 years time if they did not try to stop China now.

2. Burma: to use strong measures in order to pressure the military regime in Burma.

A member of the U.S. Congress, Dana Rohrabacher, held a news conference during her visit to Thailand and called on Thailand and ASEAN to oppose Chinese bullying, expansionism, and human rights abuses.

Dana warned that the region — Thailand and ASEAN included — would be threatened by expansionism and growing antidemocracy from China. This could turn into a major conflict in a decade, she said, adding that within three to four years, the United States would stop sending American volunteers to countries like Thailand.

Meanwhile, another U.S. congressman, Bill Richardson, who stopped to change flights in Bangkok after returning from a visit to Burma, commented that the policy of "constructive engagement" adopted by the ASEAN countries towards Burma is not working because it is a soft approach.

He suggested that "a tough approach is needed and it must be multilateral and multinational."

The U.S. congressman proposed a joint effort to "block arms sales" to Burma and "isolate" Burma if Mrs. Aung San Suu Kyi is not released, as requested by the free world, before 19 July which is the 6th anniversary of her detention.

The U.S. warning to its allies, like Thailand and the ASEAN nations, is worth thanks and appreciation. However, there is one thing that the United States has forgotten — the United States itself has abandoned this region for a long time, and, it can be said that the United States has "isolated" ASEAN, its ally. It would not be a mistake to say that the ASEAN grouping has achieved economic growth and political stability by itself without any support from the United States.

Over the past 20 years, the United States has been isolating and even imposed economic sanctions against Vietnam, Cambodia, Laos, and Burma. It was also during those 20 years that Thailand and other ASEAN nations helped those countries to achieve economic development under the slogan of "changing the battlefield into a marketplace." This, regardless of different political ideologies. We have been isolated, and thus the relations established between the ASEAN and those countries have been deeply rooted by now.

Political and trade relations between ASEAN and China are also excellent.

During those 20 years, the United States failed politically, militarily, and economically. It was due to overconfidence in the policy of human rights and democratization, because of a strong adherence to the policy of "isolation" and "economic sanctions." In fact, those policies are like ammunition which can prove to be effective sometimes and not work other times. They caused the United States to lose a great deal of time.

The United States is now behaving like it just woke up from a dream. It misunderstands that it can still persuade or threaten Thailand and ASEAN to do this or that, to go forward or backward, to go left or right, according to the wishes of the "broken-wing eagle."

It would be "crazy" for Thailand and ASEAN to help the United States pressure Burma and fight China.

Officer Claims Vietnamese Navy Attacks Trawlers

BK0306114095 Bangkok THE NATION in English 3 Jun 95 p A1

[FBIS Transcribed Text] Navy Chief of Staff Adm [Admiral] Bunplot Mamuangkaeo said yesterday he believed the three armed Vietnamese ships which attacked Thai trawlers on Wednesday belonged to the Vietnamese navy.

He said it was very likely that the ships in the clash belonged to the Hanoi navy because the wounded sailor who was captured in the clash was a navy officer.

The HMS Khlong Yai coast guard ship exchanged gunfire with three armed Vietnamese ships on Wednesday in disputed waters in the Gulf of Thailand, killing two Vietnamese sailors and wounding a third.

The clash occurred about 6 pm, 138 nautical miles off the east coast of Songkhla province. Four Thai trawlers were captured and remain in Vietnamese custody.

Bunplot said the Thai Navy would return the captured officer in exchange for the release of the Thai trawlers.

"The Vietnamese government agreed to release the trawlers but we have to send back the wounded man," he said.

He said he believed the attack was ordered by low-ranking Vietnamese officers who were not informed of the agreement reached by the two countries that no arrests would be made in the overlapping maritime zones.

He said the Vietnamese government might lodge a complaint against the killings of two Vietnamese sailors, accusing the Navy of over- reacting. However, the Thai navy was preparing evidence to prove that it did not over-react.

"I believe we can explain the incident to the Vietnamese. We don't want to use violence as the two countries are good neighbours. But we have to counter attack when there is violence," he said.

He said Vietnamese Ambassador to Thailand Le Cong Phung had been summoned by the Foreign Ministry and that could be regarded as Thailand's protest against the attack by the Vietnamese vessels.

Government To Offer SRV Prisoner Exchange

BK0306114895 Bangkok BANGKOK POST in English 3 Jun 95 p 6

[FBIS Transcribed Text] Thailand will offer a prisoner exchange to ease tensions after a brief naval battle in disputed waters in the Gulf of Thailand left two Vietnamese sailors dead, Foreign Ministry officials said.

The clash occurred on Wednesday when three Vietnamese patrol boats opened fire on the Royal Thai Navy fast patrol boat HMS Khlong Yai, 138 nautical miles east of the southern province of Songkhla, the officials said.

"At 1800 on May 31 Vietnamese boats began firing on the Royal Thai Navy ship Khlong Yai with 40 mm cannon but caused no damage," a Thai Foreign Ministry statement said. "The Thai warship then was granted permission to return fire, and an exchange of fire lasted 30 minutes."

Pholadet Worachat, the director of the Foreign Ministry's press division, said the incident was sparked by an attack by the Vietnamese boats on five Thai fishing trawlers in waters claimed by both countries.

He said the Vietnamese navy boats had surrounded and boarded the Thai fishing trawlers when the more heavily armed HMS Khlong yai was dispatched to the scene.

"The Vietnamese fired the first shot, probably because of fear," Pholadet said. "But this incident should not spoil relations between us and Vietnam."

During the exchange of fire, four of the Thai trawlers reportedly sailed into Vietnamese waters while the fifth trawler, the O-Nawi, was recaptured by a boarding party from the Thai Navy ship.

The Foreign Ministry statement said Vietnamese navy sailors aboard the O-Nawi resisted the Thai boarding party but the trawler was recaptured.

Two Vietnamese sailors were reported killed and one wounded in the clash and the O-Nawi's engine was destroyed.

Pholadet said the Vietnamese ambassador in Bangkok was called summoned to the Foreign Ministry on Thursday and asked to convey to his government Thailand's request for the prompt return the four Thai vessels and a total of about 18 crewmen.

He said Thailand's ambassador in Hanoi will be instructed to suggest an exchange of the Thai trawlers and crews in return for the wounded Vietnamese navy sailor. "I have reported that the Vietnamese fired the first shot," Thai Armed Forces Supreme Commander

General Watthanachai Wutthisiri told reporters yesterday. "The military will leave negotiations to the Foreign Ministry. We don't want to say anything because we are combat troops."

During talks in March on the resort island of Phuket, Thai and Vietnamese representatives agreed that the fishing fleets of both countries should be permitted to operate in a large area of overlapping claims.

Within the neutral zone, which includes the site of Wednesday's naval battle, both countries are prohibited from conducting military operations.

Thai officials expressed a desire to play down the incident and ensure that it does not interfere with the gradual warming of relations between the two former Cold War enemies.

Vietnam is scheduled to become the seventh member of the Association of Southeast Asian Nations (ASEAN) during the group's annual ministerial meeting in Brunei at the end of July.

Vietnam

Cases of MIA Misrepresentation Reported

952E0073A Hanoi NHAN DAN CHU NHAT in Vietnamese 9 Apr 95 pp 7, 10

[Article by Hai Duong: "People Taking Advantage of the MIA Issue Are Unmasked"]

[FBIS Translated Text] With good will and humanitarian tradition, Vietnam's government and people have been creating favorable conditions for the United States to look for and bring home the remains of its MIA's. A number of bad people have taken advantage of the issue of accounting for MIA's to serve various purposes. They included those who resorted to fraudulent acts to obtain monetary gains and thus sometimes made resolving the issue more complicated.

Not long ago in the 3d Precinct and other locations in Ho Chi Minh City, many people had been telling one another that whoever has any remains of U.S. soldiers and brings them to Robert Chaillard, a French alien residing at 276B/6 Dien Bien Phu Street, Subward 7, in the 3rd Precinct of Ho Chi Minh City, for delivery to the Vietnamese government would later be generously rewarded by the U.S. government with money and early migration to the United States. After having heard these rumors (which Robert Chaillard himself had spread), many people (many from other provinces) found the remains and took them to R. Chaillard. As he received the remains, he was interested only in whether any dog tags came with the remains and did not bother to find out whose remains they were, but instead he asked for payment of a fee equivalent to 1-2 chi of 24K gold (chi is one-tenth of a tael [= 37.5 grams] of gold). Those who had no remains to bring to him and wanted to join the ranks of seekers had to pay him five chi of gold each. R. Chaillard received money and gold from many people, such as Mrs Kim, 3 taels of 24K gold; Mrs Trung, 1.3 taels; Mrs Canh, 1.9 taels; Mrs Hoa, 2.2 taels, and so on.

After having assembled a large group of remains seekers, R. Chaillard set up six teams of seekers represented by Mr Trieu. One of the six teams represented by Mr Chuong had paid to R. Chaillard a sum of 9 million dong of fees at the time they delivered the remains to him.

During this time he was acquainted with Tran Dinh Hoang. Having been aware of what R. Chaillard was doing, Hoang told him that he was an army security colonel and that he had many connections. Robert Chaillard introduced Hoang to the remains-seeking teams so as to let them agree on delivering and receiving remains. Hoang introduced them to Mrs Lien, who would help to deal with the official organs in regard to delivering remains.

The quantity of remains collected amounted to hundreds of sets. Robert sent Mr Hoang and Mrs Lien to Hanoi to submit lists of remains and reports from the teams. After several trips, Hoang disseminated a news item to the effect that the Ministry of National Defense had prosecuted the so-called case of secret storing of remains (!?) Hoang asked the teams to give him money so that he could try to save them from being prosecuted. Out of fear Mr Trieu and Mr Hien gave him 15,9 million dong and 15 chi of gold; Robert gave him 39 chi of gold. In addition, he also received from Mr Tam 15 chi of gold in order to lobby on behalf of an Amerasian for interview by the UNHCR delegation, but the lobbying effort did not work because the Amerasian's file was fraudulent; however, he did not return to Tam that amount of gold.

After having learned about Robert Chaillard's remains-collecting activities, a Vietnamese delegation consisting of representatives of the organs concerned and an American MIA delegation went to Ho Chi Minh City and confiscated from R. Chaillard and the six teams 742 remains, which were sent away for identification. The results showed that none of the remains were identified as those of American soldiers and that all were those of Asians; later those remains had to be cremated.

Not long afterwards, R. Chaillard again disseminated an information to the effect that members of the MIA delegation were looking for some MIA's who were still alive in Vietnam and that whoever capable of finding them would get a reward of US$500,000 from the U.S. government and, if they wanted, could be given visas to come to the United States. After having heard about these rumors, Nguyen Kim Chi, along with Do Tien My, who was born in 1953 and resided at 318/162 Nguyen Duy Street, Subward 9, in the 8th Precinct of Ho Chi Minh City, carried out a plan for looking for missing American soldiers. My suggested to Chi that they prepare false records of some MIA's who were still living in Vietnam in order to get some money for their own spending. Within a short time, My was able to establish the false identities of two American soldiers named Smith Samuel and Evan Pors, which he gave to Huynh Kim Con. Through an intermediary named Truong Minh Ngoc, Con succeeded in having the two files forwarded to R. Chaillard. Chaillard asked Ngoc to complete the two American soldiers' files early and assigned Ngoc and Con to represent him in the search for the missing American soldiers. My told Con that he should give to him (My) and Chi two taels of gold as the price of completing those files. Con and Ngoc informed R. Chaillard of the situation. Chaillard told Ngoc to take care of money and gold and to let Con complete the files, and said that he (Ngoc) would get a reward and if he wanted to go to the United States, he (Chaillard) would take care of it. Ngoc then went to see Giau, to whom he boasted: "I am taking care of the case of an American soldier being alive and living in Vietnam and I will be allowed by the American government to resettle in the United States along with a number of other people."

Mr Giau seemed taken by surprise but believed in Ngoc's words as he (Ngoc) added: "Please let me borrow some money from you, and I will take you and your family along (to America)."

Giau then gave Ngoc four taels of gold as a loan. Ngoc gave Con 3.5 taels and 1.3 million dong. Con gave My 2 taels and 2.7 million dong and received from him the fraudulent files of 2 alive MIA's. My gave a share of four chi of gold to Chi and pocketed the rest.

During that time Vo Minh Xe and Nguyen Van Cau conspired with Phan Trung Hieu (a man of mixed French and Vietnamese blood) to set a fraudulent file and to act as an alive MIA named Robert Pegez. Xe and Cau coached Mrs Hanh (Hieu's wife) in regard to making statement in an interview and photographed Hieu in order to have his photos put in the fraudulent file, which was given to Con who later gave it to R. Chaillard. A few days later, R. Chaillard notified Ngoc and Con that the file had been accepted as the authentic one of an American soldier and asked them to get ready to submit it.

Again in the same period, Do Quang Dung in Quy Nhon went to see R. Chaillard and gave him a list of four still-alive American soldiers. He asked Dung to provide him with their files. After having returned to Quy Nhon, Dung met Hung anh Toa (who had said he knew the American soldier being alive) and then sent a telegram to R. Chaillard advising him to go to Quy Nhon to get the files and one American soldier. R. Chaillard had asked Mr Chau to make an advance payment for him and, upon receiving the reward, he would share it with him. But Mr Chau did not have enough money; he himself asked Mr Ngau to make the advance payment and then both went to see R. Chaillard. Here R. Chaillard recognized the fact that he owed Mr Ngau the money and asked him to rent a car and to go with Mr Chau to Quy Nhon to pick up the American soldier. Mr Ngau took four taels of gold with him to Quy Nhon, but he did not see Hung and Toa there. Dung asked that a full advance payment of 30 taels of gold per American soldier be made. Mr Ngau gave Dung 3.6 taels and then returned to Ho Chi Minh City. Later Dung refused to hand over the files by reason of the lack of the full advance payment, nor to return the gold he had received from Mr Ngau. The real reason was that he had invented the list of the four still-alive American soldiers.

After having received the fraudulent files of the American soldiers who were said to be still alive, R. Chaillard sent the information about them everywhere, including the Vietnamese organs concerned. With the intention to make the truth prevail, these organs sent a notice to R. Chaillard asking him to provide them with the information and proof about the American soldiers that he knew were still alive. R. Chaillard informed the teams of the request for bringing the American soldiers to Ho Chi Minh City as they had notified him about. Vo Minh Xe brought Phan Trung Hieu to Ho Chi Minh City to see R. Chaillard. Although the latter certainly knew that Hieu was not an American soldier, he still urged Con and Xe to bring Hieu to meet with the delegation. Xe asked that U.S.$5,000 be given him before he would take the American soldier there. R. Chaillard asked Mr Chau and Mr Ngau to give him advance money and gold for him to give to Con and Xe. Later Xe and Cau took Phan Trung Hieu (who acted as an American soldier) to 143 Nguyen Cu Trinh Street in the 1st Precinct to see the delegation. There the deceitful acting of those who wanted to cheat for personal gains was unmasked. The investigating organ arrested them and proceeded with establishing the truth and revealing all the criminal acts of R. Chaillard and his clique.

On 30 December 1994, the Supreme People's Court, meeting in an appellate session, after having reviewed the files in the case and questioned the defendants and the victims, concluded that the case was extremely serious since it had involved deceitful, wicked, and inhumane acts aimed at seizing properties of great value. The court sentenced Robert Chaillard to 12 years of imprisonment; Tran Dinh Hoang, 7 years; and Do Tien My, 3 years. Other defendants were sentenced to as much as 3 years of imprisonment and at least a year of probational punishment for the charges of defrauding citizens, seizing properties of citizens, and illegally opening tombs and taking remains.

We know that our government has repeatedly assured the American side of the fact that there are no American soldiers either being confined or being still alive in Vietnam, and that it is ready to cooperate with the American side to speed up the accounting of MIA's. However, some Americans still do not believe in this assurance partly because of the false information spread by the bad people. Therefore, to unmask and stop the activities aimed at disseminating false information about the MIA/POW issue also is to contribute to healing the war wounds and promoting a more active development in the U.S.-Vietnamese relations.

'Essay' Views U.S. Toward Normalization

BK0506043695 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 4 Jun 95

["Essay" by Station Editor Diep Anh: "Normalizing Relations With Vietnam Has Become the Common Aspiration of the U.S. Public"]

[FBIS Translated Text] In the process of normalizing relations with Vietnam, the U.S. side always raises the condition that aid to Vietnam depends on the resolution of all cases of U.S. prisoners and Americans missing in action — POW-MIA's — during the Vietnam war. For this purpose, many U.S. Government delegations — including U.S. senators and House members — have recently made working visits to Vietnam to resolve various residual issues involving many cases of Americans missing in action during the Vietnam war. These visits have attracted U.S. public attention. The U.S. mass media have reported these activities extensively along with the statements by many U.S. congressmen regarding Vietnam's positive cooperation in promptly resolving this issue, always considered a humanitarian issue by the Vietnamese side.

On 31 May, after returning from an East Asian tour, Mr. Winston Lord, U.S. assistant secretary of state for East Asia and the Pacific, said: We have evidence of Vietnam's very good cooperation on the issue of the 2,000 or more MIA-POW's. We have received pledges from top government leaders that they will continue this cooperation. Mr. Lord made it known that Vietnam had handed over many new documents to the United States that promise new information on the MIA issue. He said: We continue to see much good progress and we have informed the White House of this. With such information, President Clinton himself has also been forced to admit that Vietnam has offered unprecedented cooperation in accounting for U.S. servicemen missing during the war. Mr. Clinton said: We have placed the MIA issue above all other issues in our relations with Vietnam, and today we are pleased to announce that we are receiving unprecedented good cooperation from Hanoi.

Reports on Vietnam's cooperation with the United States in resolving the MIA issue have become more and more instrumental in spurring the U.S. public, notably businessmen, to appeal to the U.S. Administration to normalize relations with Vietnam promptly. Lately, such appeals have come not only from U.S. businessmen but also from U.S. statesmen. THE NEW YORK TIMES ran an editorial on 23 May saying that although 20 years have elapsed since Vietnam won the war, Washington still has not established full diplomatic relations with Vietnam. In view of the experts' satisfaction with Vietnam's full cooperation in the search for the remains of Americans missing in action, President Clinton must listen to the advise of his top aides and recognize Vietnam before the pressures of the 1996 election year cause further delay.

Senator John McCain said Mr. Bush drew a road map for Vietnam. Now that Vietnam has satisfied all of Mr. Bush's demands, there is no reason not to recognize Vietnam. Earlier, Senators John McCain and John Kerry, who once fought in the Vietnam war, appealed to President Clinton to normalize relations with Vietnam. They pointed out that it is time for the United States to overcome the bitterness of the war. During a meeting with President Clinton, the two senators expressed their desire to see the President establish comprehensive diplomatic relations with Vietnam this year. Mr. Kerry said: The United States must recognize a fact already recognized by all of Asia — that Vietnam is a nation with an important role to play and the United States needs to establish diplomatic relations.

It is the opinion of experts that the U.S. legislative institutions are serving as a strong driving force for the process of full normalization of relations between the two countries, and President Clinton himself may also have to consider this.

Newspaper Criticizes Human Rights 'Offensive'

BK0506100295 Hong Kong AFP in English 0952 GMT 5 Jun 95

[FBIS Transcribed Text] Hanoi, June 5 (AFP) — The official newspaper of Vietnam's Army, QUAN DOI NHAN DAN, lashed out on Monday against the "offensive by Western countries" in support of human rights.

The report likened the campaign to a new Cold War between the West and the East.

Not a week has gone by since the end of April when one of the country's two main dailies, the army paper and the Communist Party organ, NHAN DAN, has not heavily criticised Western countries, particularly the United States, for their stance on human rights.

"Human rights could be the greatest source of ideological and cultural conflict in decades to come," according to the editorial in QUAN DOI NHAN DAN, which is staffed exclusively by military personnel.

"It is taking the form of a grand duel between East and West," it said.

"Today, the ideological offensive is directed at the last remaining socialist countries, including Vietnam," it added.

Ironically, the attacks come at a time when Vietnam is trying to normalise relations with the United States, 20 years after the end of the war.

Observers say that Hanoi is concerned that Washington might attempt to make human rights a condition of diplomatic normalisation.

Spokesman Reports Sailors Killed by Thai Navy

BK0306160995 Hanoi VNA in English 1533 GMT 3 Jun 95

[FBIS Transcribed Text] Two Vietnamese sailors were killed and one was wounded by Thai naval force when Vietnamese coast guard [words indistinct] arresting six Thai trawlers for violating Vietnam's territorial waters.

In reply to questions relating to the incident that occurred on Vietnam's south-western waters on May 31, a Vietnamese Foreign Ministry spokesperson said that right after being informed of the incident, the Foreign Ministry on June 1st summoned the representative of the Thai Embassy in Hanoi to request that the Thai side strictly abide by an agreement signed at a meeting of the Vietnam-Thailand Joint Committee in March 1995 on the sea order reestablishment.

Under the agreement, both sides undertake to educate their fishermen to respect the other side's territorial waters and refrain from using force and military clashes.

And the Vietnamese foreign ministry demanded that the Thai side return to the Vietnamese side the wounded and the dead sailors.

The two sides continue to settle the case through diplomatic channel.

Radio Reviews European Union Ties

BK0306153995 Hanoi Voice of Vietnam in English 1000 GMT 2 Jun 95

[FBIS Transcribed Text] Vietnam and the European Union [EU] have signed an agreement on cooperation in economics, trade, technology, communications, and the environment. Voice of Vietnam has more details:

The agreement on cooperation between Vietnam and the EU was signed recently after four months of preparation, marking a new step in bilateral cooperation. At present almost all EU member countries have opened their embassies in Vietnam, as relations between Vietnam and the EU has been restored. These countries have helped Vietnam in many projects. Most recently, the EU decided to cooperate with the Vietnamese Ministry of Energy, and with the Vietnam Oil and Gas General Corporation. The EU also cooperates with Vietnam in fighting against drug addiction and AIDS, and in education, public health, and tourism. The EU has also granted timely relief aid to Vietnam at times when it was hit by natural calamities. The EU is also known in Vietnam for actively helping Vietnam in repatriating refugees. The EU activities are of great help to the new returnees reintegrating into the community.

The signing of this agreement of cooperation has created more conditions for Vietnam and the EU to boost bilateral relations. As Mr. Morgan, the EU ambassador to Vietnam, said: The fine relationship and cooperation between Vietnam and the EU would be much better with the signing of the agreement.

Radio Welcomes Japan's Official Development Aid

BK0206143995 Hanoi Voice of Vietnam in English 1000 GMT 1 Jun 95

[FBIS Transcribed Text] The Japanese International Cooperation Agency or JICA has just opened a representative office in Hanoi. On this occasion, the office and the Japanese embassy in Hanoi held a symposium to support Japan's official development aid to Vietnam. The Voice of Vietnam has more details.

Japan resumed official development assistance or ODA for Vietnam in 1992. It is now the biggest ODA donor for Vietnam. In 1992, it was worth $380 million, nearly $480 million for 1993, and $600 million last year. Notably, Japan is giving Vietnam great financial assistance through preferrential interest rates and terms of payment to carry out infrastructure projects. These projects include the water drainage system for Hanoi, rural and mountain development, and preservation of the cultural heritage. In late May, a team from the Vietnam Study Committee for Japan's ODA Fund headed by its chairman Professor (Ishikawa) visited Vietnam. It made recommendations on policies for Vietnam's socioeconomic development in prospects for bilateral relations. The vice president of Japan's International Cooperation Agency, Mr. T. Kirima, and Chairman of Vietnam's State Planning Committee Do Quoc Sam described the opening of the JICA office in Vietnam as an important opportunity for implementation of Japan's ODA projects in Vietnam. Many professors and scholars from Japan proposed important measures for the use of Japan's ODA for construction and socioeconomic development in Vietnam.

Radio Reviews Relations With Norway

BK0306143495 Hanoi Voice of Vietnam in English 1000 GMT 2 Jun 95

[FBIS Transcribed Text] Prime Minister Vo Van Kiet arrived in Oslo on Thursday for an official visit to Norway. The Voice of Vietnam now looks at bilateral relations between the two countries.

It is the second visit to Norway by the Vietnamese Government leader since the visit to the country by the former Prime Minister Pham Van Dong in June 1977. Since then the bilateral relationship has been developing. In the 1970's, Norway was in the lead among the western states in supporting the Vietnamese people's anti-United States struggle for national salvation. It has been providing Vietnam with effective support and assistance in the current national reconstruction program. During this time, Norway granted Vietnam $70 million non-refundable aid, and another loan to help carry out technical projects and to conduct oil exploration of Vietnam's continental shelf. Norway has written off 50 percent of the $30 million debt for Vietnam, and the remainder will be rescheduled over the next 23 years. Norway has also helped Vietnam with small projects and provided relief aid to Vietnam to overcome the aftermath of floods and typhoons.

Norway at present is engaged in three projects in Vietnam with the total investment of $1.8 million. The Norwegian Oil and Gas Company (Petro Oil) in 1992 signed a contract with British Petroleum to explore oil and gas on the continental shelf. These two companies, in cooperation with the Indian Oil and Gas Company, have discovered gas deposit off Con Dao Island. These results have encouraged Vietnam to step up cooperation with Norway in the oil, gas, and energy industries, and also in marine industry.

With the trip to Norway this time by the Vietnamese prime minister, the two countries are expected to sign an agreement on avoidance of double taxation, serving as legal document for further development of bilateral economic and trade cooperation. The two sides also sign the memorandum of understanding on Norwegian non-refundable aid to Vietnam, on upgrading the sea food processing establishment in Cua Hoi in central Vietnam. The results of the visit to Norway by Vietnamese Prime Minister Vo Van Kiet signal further development of the friendship and comprehensive cooperation.

Vo Van Kiet Visits Norway

Arrives 1 Jun

BK0206085395 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Jun 95

[FBIS Translated Text] Dear friends: after a two-day official friendship visit to Denmark, this morning [1 June] Prime Minister Vo Van Kiet, his wife, and the Vietnamese Government delegation left Copenhagen for an official visit to the Kingdom of Norway at the invitation of Norwegian Prime Minister Gro Harlem Brundtland. After an one-hour flight, the aircraft carrying Prime Minister Vo Van Kiet and his entourage landed at Oslo International Airport at 0930 local time.

A solemn ceremony was held at Oslo International Airport to welcome the Vietnamese Government delegation. On hand to welcome Prime Minister Vo Van Kiet and his entourage were Mrs. (Willy Potricen), secretary of state attached to the Prime Minister Office and many high-ranking officials of the Norwegian Government. Afterward, Prime Minister Vo Van Kiet and his wife were led to the government guest house.

On the same day, Mrs. Kari Nordheim Larsen, Norwegian minister of Developmental Aid called on the Vietnamese prime minister at the government guest house. The Norwegian minister expressed her delight at being the first Norwegian Cabinet member to receive Prime Minister Vo Van Kiet. She expressed the hope that relations between Norway and Vietnam would be strengthened. Afterward, a ceremony was held at the Norwegian Government guest house to sign an agreement on Norwegian financial aid to Vietnam for the restoration of a maritime products processing factory.

Since the visit to Norway in June 1977 by Comrade Pham Van Dong [former Prime Minister of Vietnam], this is the second official visit paid to this northern

European country by the Vietnamese prime minister. It is hoped that Prime Minister Vo Van Kiet's 1-3 June official friendship visit to the Kingdom of Norway will contribute to further strengthening the friendship and enhancing mutual understanding between the two governments and peoples, thereby opening up a new stage of cooperation between the two nations in the political, economic, trade, and scientific-technological domains.

Prime Ministers Talk to Pressmen

BK0206073595 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 1 Jun 95

[Report by Dinh Khai]

[FBIS Translated Text] In the afternoon of 1 June, the Norwegian prime minister, Ms. Gro Harlem Brundtland, held talks with Prime Minister Vo Van Kiet at the Prime Minister's Palace in Oslo in the Kingdom of Norway.

Before the talks, Ms. Gro Harlem Brundtland guided Prime Minister Vo Van Kiet to a balcony on the 15th floor of the Prime Minister's Palace and showed him the beautiful scenes in Oslo. On the balcony, the two prime ministers gladly answered questions from Vietnamese and Norwegian journalists.

Answering a question from a Norwegian television correspondent about the purpose of his visit, Prime Minister Vo Van Kiet said that the visit was aimed at further strengthening the Vietnam-Norway friendship and exploring many fields of cooperation.

Answering a question from a Vietnamese pressman, the Norwegian prime minister said that the visit by Prime Minister Vo Van Kiet was to further strengthen the relations between the two countries. Vietnam had played an important role in world history and it was now developing that role for the benefit of its future. Norway was ready to help Vietnam from its own experience in areas that are necessary for Vietnam such as oil and natural gas, energy, and aquaculture.

After the talks, under the authorization of the two prime ministers, Vo Hong Phuc, vice chairman of the State Planning Commission, and the Norwegian minister of developmental aid signed an agreement on Norway's non-refundable aid to upgrade an aquacultural processing establishment in Cua Hoi. Our finance minister, Ho Te, and his counterpart, Mr. Johnsen, signed an agreement on the avoidance of double taxation to create a legal foundation for the strengthening and broadening of economic and trade relations between the two countries.

Taxation Pact Signed

BK0306121295 Hanoi VNA in English 0514 GMT 3 Jun 95

[FBIS Transcribed Text] An agreement on avoidance of double taxation was signed in Oslo this afternoon between Vietnam and Norway.

The agreement, which serves as legal basis for the promotion and expansion of commercial and economic cooperation between the two countries, was signed during Prime Minister Vo Van Kiet's visit to Norway, the third leg of his current five-country trip to Europe.

The same day, Prime Minister Kiet paid a courtesy visit to President of the Norwegian Parliament, Mrs. Kolle Groendahl.

Also today, Vietnamese and Norwegian businessmen held a seminar on investment in Vietnam. Addressing the seminar, Minister and Director of the Government Office Le Xuan Trinh affirmed great opportunities and potential for the two countries to develop economic cooperation and investment.

Premiers Pledge More Cooperation

BK0306120695 Hanoi VNA in English 0505 GMT 3 Jun 95

[FBIS Transcribed Text] Norway wishes to take part in the national re-construction of Vietnam, Norwegian Prime Minister Gro Harlem Brundtland said in her speech at a banquet held in Oslo yesterday evening in honour of Vietnamese Prime Minister Vo Van Kiet, who is currently on an official visit to Norway.

The Norwegian prime minister noted that Vietnam once again became a country of great hope and prospect. Fifty years of war held back its development, she said. Nowadays the open-door economic policy of Vietnam is a motive force making it a country of high economic growth rate and helping it integrate into the dynamic region of Southeast Asia.

Mrs. Brundtland stressed that the Government of Norway paid great attention to the historical changes of Vietnam through its renewal policy, which has brought about significant results. She once again reaffirmed Norway's wish to participate in the national construction of Vietnam. A number of Norwegian companies established business ties with their Vietnamese partners, she said. The responsibility of the two governments is to broaden political and economic exchange to promote bilateral economic cooperation.

She informed Mr. Kiet that her government will open an embassy in Vietnam next year. She expressed her belief that both sides would be satisfied with the results of this visit, which in her words, opened a new chapter in the friendly, cooperative relations between Norway and Vietnam.

In his reply, Prime Minister Vo Van Kiet said that the Vietnamese Government highly appreciated Norway's assistance to Vietnam in the past and its promotion of the multi-faceted relations with Vietnam at present. He expressed his hope that Norway's aid to help Vietnam in upgrading the Cua Hoi seafood processing factory in the central province of Nghe An, and the fine results of his talks with his Norwegian counterpart Mrs. Brundtland would bring new prospects for the long-term cooperation and fine relations in various fields between the two countries.

The Vietnamese prime minister continued that Vietnam welcomed Norway's investment in Vietnam which is absolutely suitable to the Vietnam's policy to strength and broaden its long-term cooperation with Norway in the fields of oil and gas industry, infrastructural construction, aquatic product processing and energy. He also reaffirmed that the Vietnamese Government will offer any possible support to Norwegian businessmen to do business in Vietnam.

Foreign Minister, Norwegian Counterpart Meet

BK0406125095 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 3 Jun 95

[FBIS Translated Text] In Norway yesterday morning, Foreign Minister Nguyen Manh Cam held talks with his Norwegian counterpart, Mr. Godal. The Norwegian foreign minister warmly welcomed Prime Minister Vo Van Kiet's visit, considering it to be a historically important event in bilateral relations. The two foreign ministers exchanged views on measures to perfect legal mechanisms to effectively implement the agreements reached by the two prime ministers during their talks on cooperation in oil, energy, infrastructure building, marine products processing, and environmental protection. The Norwegian foreign minister informed his Vietnamese counterpart that in implementation of the government's decision, the Norwegian Foreign Ministry would continue to make active preparations for the opening of the Norwegian Embassy in Hanoi at an early date to promote bilateral cooperation.

The two foreign ministers also exchanged views on a number of regional and international issues of common concern. They reiterated the determination of the two countries to contribute to supporting the trend of peace, stability, and cooperation in the region and other parts of the world. The Norwegian foreign minister took into account Vietnam's important role in Southeast Asia, welcomed Vietnam's full ASEAN membership, and supported Vietnam's participation in regional and international cooperation organizations. The two sides unanimously agreed to strengthen cooperation between the two foreign ministries, considering this move an important part of the multifaceted relationship between the two countries. Norwegian Foreign Minister Godal said he was very excited about his upcoming visit to Vietnam.

Friendship, Cooperation With Norway Reviewed

BK0206120395 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 31 May 95

[FBIS Translated Excerpt] [Passage omitted on history of Norway] Vietnam and Norway have consistently maintained long- standing friendly relations. The people of Norway and other Northern European nations took the lead among people in the West to support the Vietnamese people's struggle for national liberation and independence in the past. They are now actively contributing to helping Vietnam in its national reconstruction.

Norway is one of the countries that provided Vietnam with many aid projects. Worthy of note is that in 1994, Norway wrote off 50 percent of Vietnam's 74-million krone due debt while allowing Vietnam to pay the rest in 23 years. In recent years, economic and trade cooperation between the two nations has been remarkably strengthened. In 1994, two-way trade reached $24 million. Many groups of Norwegian companies have visited Vietnam to study the market situation while various Norwegian projects have been carried out. Currently, Norway is mapping out plans to make direct investments in Vietnam in fields such as shipping and maritime products and to provide nonrefundable aid to the meteorological, hydrological, and cadastral sectors. Total investment capital for these projects is estimated at $210 million, including the construction of Thi Vai Port. Although Norway's current total investment in Vietnam is at a moderate figure of more than $1.8 billion, we are confident that in the future more investments will be made on the basis of the bilateral cooperation and longstanding friendship between the two nations.

With this official visit to Norway by Prime Minister Vo Van Kiet, we firmly believe that the relations of friendship and cooperation between the two countries will be strengthened and further developed.

Relations With Finland Outlined bat>[Hanoi Radio]

BK0406123195 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 2 Jun 95

[FBIS Translated Excerpt] [Passage omitted on history of Finland] The Finnish Government and people have given positive assistance to our national construction and renovation cause. Finland is one of two Western countries that has provided us with continuous development aid. From 1973-1994, Finland provided us $120 million in aid. The Hanoi water plant, the Haiphong water supply and public health care project, and a number of practical programs funded by the Finnish Government have greatly contributed to improving living conditions and boosting production output in Vietnam. In recent years, there have been many conditions for bilateral relations to develop based on the traditional friendship between the two peoples.

Prime Minister Vo Van Kiet's official visit to the Republic of Finland will open a new stage of development in bilateral ties. We are convinced that Vietnam-Finland relations will develop even more vigorously in the future.

Vo Van Kiet Begins Visit To Finland

BK0406125295 Hanoi Voice of Vietnam in English 1000 GMT 4 Jun 95

[FBIS Transcribed Text] Prime Minister Vo Van Kiet on Saturday concluded his visit to Norway and started his visit to Finland. Earlier on Friday, Prime Minister Vo Van Kiet and his party were received by the President of the Norwegian Parliament. At noon, they were given a luncheon by Norwegian King Harald V and the Queen.

Conference Reviews Program Against Malaria

BK0506132095 Hanoi Voice of Vietnam in English 1000 GMT 5 Jun 95

[FBIS Transcribed Text] A conference has been held in Hanoi to review last year's national program against malaria. The program was funded by the Dutch government and the Red Cross and involved over $471,000. The Vietnam Red Cross distributed 160,000 mosquito nets soaked with [word indistinct] to 20 key provinces. The program focused on 200 communes with a total number of over 590,000 beneficiaries. Half of the Vietnamese population — or about 35 million people — are living in malaria-infected areas. In 1991, more than one million people suffered from malaria, 5,000 of them died. In 1994, the number of people who died from malaria was reduced by one-fifth.

Phan Van Khai Approves Tourism Plan

BK0406151595 Hanoi VNA in English 1447 GMT 4 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 4 — A master plan for the development of the national tourist industry from now until the year 2010 was recently approved by Deputy Prime Minister Phan Van Khai. This is part of a major effort to attract a targeted nine million foreign tourists by the year 2010.

The plan has stressed that the tourist industry should aim for greater objectives in economic development, as well as environment improvement, and the preservation of social and cultural tradition.

The tourist industry, reported as the most profitable business sector [word indistinct] to reach the target of nine million foreign tourists and 25 million domestic tourists.

The master plan also worked out concrete steps for space and territories development, investment in upgrading and building hotels, tourist sites, amusement and entertainment parks and priority areas for tourist development.

Meanwhile, relevant bodies in various provinces and cities are ordered to develop the tourist industry in line with the local strategies for economic, social and cultural development. This trend has been highlighted in tourist potential areas such as Hanoi, HCM [HO Chi Minh] city, Da Lat mountain resort, Nha Trang seaside resort, Danang, Hue imperial city, Haiphong and Quang Ninh in the north, known for its world famous Ha Long Bay.

Australia

Evans Announces Revamping of Intelligence Service

BK0106082795 Melbourne Radio Australia in English 0500 GMT 1 Jun 95

[FBIS Transcribed Text] Australia's overseas intelligence arm, ASIS [Australian Secret Intelligence Service], will become more accountable to parliament and the auditor general under changes announced by Foreign Minister Gareth Evans. The reforms are among the key recommendations of a wide-ranging judicial inquiry into the control and accountability of ASIS. The inquiry's final report calls on the government to give ASIS a legislative base, show a specific act to parliament as a way of reassuring the public that its activities are properly authorized. Other recommendations include the establishment of a special parliamentary committee to monitor the intelligence service and exposing ASIS to regular financial scrutiny by the auditor general.

Senator Evans has told parliament the inquiry found current accountability controls for ASIS were highly effective and the changes would simply enhance them.

[Begin Evans recording] Many of the public allegations that have been leveled against ASIS such as rogue activities or bungling incompetence are simply not borne out by the facts. ASIS does well the job it was established to do and is firmly under the control of the government. The commission has made suggestions for enhancing and widening the arrangements of accountability, not as a response to this order but as an improvement to already satisfactory arrangements which arrived at by changed circumstances. [end recording]

Evans Says Espionage Reports Damaged Interests

BK0106141795 Hong Kong AFP in English 0638 GMT 1 Jun 95

[FBIS Transcribed Text] Canberra, June 1 (AFP) — Media reports that Australia spied on foreign embassies in Canberra have damaged the country's reputation and interests overseas, Foreign Minister Gareth Evans said Thursday.

He refused to give examples of damage, instead telling journalists he was aware of specific instances and that continuing damage was likely.

Evans also announced plans to strengthen laws protecting intelligence information, conceding such legislation could lead to journalists being jailed.

He insisted the government's primary responsibility was to prevent publication, not punish reporters after the fact.

In the past few weeks, the media have reported that Australia was involved in bugging the embassies of Japan, China, Indonesia and Malaysia in Canberra.

Evans said the government would prefer to negotiate with media organisations to extend the so-called D-Notice system under which media voluntarily withhold the publication of sensitive information.

An inquiry into the Australian Secret Intelligence Service (ASIS), released Thursday, recommended strengthening and reinvigorating the voluntary system, but the government said it would also seek to impose criminal sanctions.

"I can (give examples of harming Australian relations with other nations) but I don't propose to," Evans said.

"But I don't want to hang my hat just on the international relations dimension of it, because it is also the case that very often ... these things don't make many waves but they do have an impact on a number of other levels.

"They have an impact on the level of underlying trust and the willingness of people to be frank on diplomatic issues in the future whereas in the past they may have been considerably more frank."

Evans said much of the damage could not be verified, but added the intelligence operations themselves could also be damaged because media allegations alerted the target of the operations.

"National security, embracing international relations, embracing capacity to mount operations in the future, embracing concern over protection of sources ... is always seriously prejudiced by these sorts of allegations," Evans said.

"Any allegations of these kind, whether factually inaccurate or not, always cause a very considerable amount of damage and that damage is almost invariably far more beneath the surface than it is above."

Malaysian Prime Minister Mahathir Mohamad has criticised Australia following allegations that his country's High Commission in Canberra was bugged.

Evans tabled the report of an inquiry into ASIS in parliament Thursday, telling the upper-house Senate that the government would introduce legislation to cover ASIS and make changes to the Crime Act.

Those changes would extend liability under law "not only to disclosures by members and former members of the intelligence and security services and other relevant officials, but to 'secondary' disclosures."

The Media would be covered by the secondary disclosure net.

The government would be required to prove damage or likely damage in all cases, and journalists and "leakers" would be given a valid defence against legal action if they disclosed actions by an intelligence service that were illegal under Australian law. The ASIS inquiry was commissioned after television current affairs programs and newspapers reported claims by disgruntled former agents of ASIS that the service maintained thousands of files on Australian citizens, was out of control, and worked against the national interest.

The report rejected those allegations, but recommended changes to the way the government controlled ASIS.

'Parallel Importation' Viewed

BK0506090695 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 26 May 95 p 21

[Article by Michael Stutchbury: "Australia's Backflip On Music Lands in US Arms"]

[FBIS Transcribed Text] It's the great irony of the new global rules for promoting free trade. Eager to boost its entertainment industry, Washington demands that the Uruguay Round provide increased "protection" for so-called intellectual property.

And so, Canberra last month duly reversed its unimplemented 1992 decision to allow limited "parallel importation" of copyrighted sound recordings.

The Keating Government cited "changing circumstances and... Australia's obligations under the GATT" for the backflip. The Attorney-General's Department warned Cabinet that revival of the lapsed 1992 proposal undoubtedly "would put Australia at risk of a GATT challenge".

Funny about that. Yesterday, I asked Neil Turkewitz, the senior international vice-president with the Recording Industry Association of America, whether the now-buried parallel importation proposal would have put Australia in breach of the Uruguay Round's Trade-Related Intellectual Property Rights agreement.

"It would not," Turkewitz replied. The US had pushed in the Uruguay Round to get universal adoption of its parallel importation proposals, he said, but had failed. Instead, the issue was "a feature of our bilateral and regional negotiations" — hence, Washington's repeated complaints in its "Special 301" trade law reports about Australia's flirtation with parallel importation.

That is, the Keating Government's GATT — or now World Trade Organisation [WTO] — excuse is a furphy [false report]. If 'the US recording industry concedes that parallel importation would not infringe the GATT/WTO rules, there is minimal chance that any challenge would have succeeded.

Let's back up on parallel importation. A US record company releases into the American market a compact disc [CD] recording by a popular musical act. The company holds the copyright over the product — the right to restrict anyone else from selling copies of the CD.

This legally enforced right gives the company the monopoly power to restrict market supply so as to increase returns to its intellectual property — the music. The widely accepted rationale is that recording artists and companies need such property rights as an incentive to produce in the first place and to outlaw free-rider copying.

Parallel importing would allow US wholesalers who legally stock this CD to sell it in a foreign market, such as Australia, as well as in their domestic American market. This is nothing like "piracy" or illegal copying. The US wholesaler would only be exporting product it had bought from the US copyright holder.

Yet, the Uruguay Round deal is being paraded to justify curbing trade in legally acquired product. As Canberra retorted to Washington's complaints in 1992, the US economy would benefit from allowing parallel importing into Australia as it would increase US exports of recorded music.

For the US recording industry, however, parallel importation would undercut its ability to use its monopoly copyright to partition the world market for its product.

Given the power to restrict parallel importation, the US industry can give its foreign subsidiaries exclusive licenses to manufacture and distribute its copyright product in their national markets. Its subsidiaries can then price their product at what each local market will bear. This is the classic price discrimination of the monopolist.

Back in 1990, the Prices Surveillance Authority found evidence that, protected by what amounts to an infinite tariff against imports, the Australian record company oligopoly had colluded to keep its prices higher than in the more competitive American market.

But a Federal Cabinet submission by Ministers Cook, Lee and Kerr downplayed any such US-Australia difference, concluding that "Australia is not a high-price country for CDs". Come to Washington. You'll see it ain't so.

As well, Turkewitz yesterday said that giving copyright owners the added right to restrict parallel trade complied with emerging international embrace of "territorial markets" for copyright products.

This dovetailed with the economics of the recording industry, whereby the manufacture of the physical product, such as a CD, was not a significant cost of production. In turn, this permitted international pricing to be "more flexible", Turkewitz said, by allowing record companies to amortise the cost of their intellectual property investments over various national markets according to what each of them would bear.

For instance, the record companies could not afford to price CDs at $US3 ($4) [Australian dollars] each in the low-income Chinese market if these sales were allowed to be parallel exported into high-priced markets such as Australia.

Turkewitz argued that such copyright-backed territorial markets encouraged more geographically dispersed production of intellectual goods through foreign investment and local production in each market — such as in Australia. To me, however, it sounds more like autarky and increases suspicions that the US has forced a protectionist copyright regime onto the world's new trade rules. The Keating Government has bought it because it wants to get Washington off its back and because it, too, wants to woo its music industry.

Even the claims that parallel importing would hurt Australian musical acts by promoting "piracy" are overblown. One of the most successful live musical acts in the United States over the past three decades is the Grateful Dead rock group, which has built popularity by encouraging its fans to record and "bootleg" its performances.

U.S.-Japan Dispute May Affect Security

BK0506093595 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 23 May 95 p 16

[Article by Geoffrey Barker: "Defence Link Unleashes Demons of Rack and Ruin"]

[FBIS Transcribed Text] The US-Japan defence relationship is a keystone in the security architecture of the Asia-Pacific region. It is a crucial stabilising force in the potentially volatile Japan-China-Korea triangle underpinning the relatively benign strategic environment throughout the region.

By linking the future of the defence relationship to the outcome of the current trade dispute, the US has unleashed uncertainties that could trigger a long-term strategic deterioration throughout the region unless extreme diplomatic restraint is exercised.

The US move has raised doubts about the future of the complex web of relationships in North Asia — most significantly, US-Japan relations, US-China relations and Japan-China relations. It could heighten anxieties within and possibly between North and South Korea, and their relationships in the region.

Those anxieties will inevitably be felt in the less volatile South East Asian region, confronting the ASEAN, Australia and even India with difficult strategic and diplomatic choices. The issue will be at the forefront of this week's visit to Japan by the Australian Prime Minister, Mr Keating.

US-Japan trade disputes are, of course, nothing new but the end of the Cold War appears to have made the US more willing to push disputes beyond previously accepted boundaries.

Since the end of World War II the Asia-Pacific region has been reassured by Japan's essentially defensive strategic posture, depending heavily on its US ally.

Any deterioration in that alliance would force Japan to seek greater self-reliance by upgrading its defence capabilities and acquiring capabilities it does not now possess.

Neither China nor the two Koreas would want to see Japan become more self-reliant and to acquire more formidable military capabilities. Even now, with defence spending at only 1 per cent of GDP Japan's defence spending is among the world's highest.

How China, particularly, responded to a major Japanese arms build-up could be of major strategic significance for the region and the world — as could the reaction of the two Koreas. There remain old animosities between China, both Koreas and Japan. North Korea, still wrestling with US-led efforts to woo it away from nuclear weapons capability, might even become more co-operative with the US if it moved away from Japan.

In an increasingly uncertain North Asian strategic environment, Japan might be tempted ultimately to acquire nuclear weapons.

The recently extended Nuclear Non-Proliferation Treaty may make it more legally and morally difficult for Japan to acquire nuclear weapons, but the treaty provides no guarantees. Japan, sensing the loss of US cover, may decide to arm itself against China and Russia.

At present, the situation is fluid and uncertain. As in the past, the US-Japan relationship may survive the uncertainties triggered by the US move. Both nations may find within the emerging ASEAN Regional Forum a framework within which they will be able to work out an accommodation. What unites them strategically may well again prove stronger than what divides them economically.

But the US move has unleashed psychological doubts that will not be easily erased. As last year's Defence White Paper warned: "Economic growth will increase the power of nations in our region and political change may make their policies less predictable. Because of these uncertainties we acknowledge the possibility that our security environment could deteriorate, perhaps quite seriously, in the future".

Possible Benefits From U.S. Trade Row Viewed

BK0206143495 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 20 May 95 p 20

[Editorial: "Emotions Drive US Trade War"]

[FBIS Transcribed Text] The United States has long been threatening to retaliate against Japan's import restrictions, particularly those which apply to cars. The surprise is not that the words have finally been translated into action but, rather, that it is President Clinton who is leading the charge.

The President is not a confrontationist but his willingness to indulge in trade brinkmanship with Japan is indicative of the intensity of the anti-Japanese feelings which exist within America's political heartland, but particularly among automobile workers and their families.

For car workers the trade war with Japan, while in reality an extremely complex issue, is quite simple — the popularity of imported Japanese cars threatens their jobs, therefore it should be stopped. Those who bother to take this argument further point to the fact that Japan has a $US60 billion ($82 billion) [Australian dollars] trade surplus with the US, of which cars and car parts account for almost 70 per cent.

These sort of figures don't just have a practical significance for many Americans; they are also extremely symbolic. From their perspective this trade imbalance represents an affront to national pride since it demonstrates more starkly than anything else, how a country defeated in war, and then rebuilt and transformed by the American occupation, is now beating the US at its own game.

It matters little that the $US40 billion car deficit with Japan represents much less than 1 per cent of America's total GDP, nor that the whole US current account deficit is under 3 per cent of GDP — about half that of Australia's. What matters for many Americans is the unfairness of it all — that they open their market to the Japanese but find access to Japan denied. It's this that makes Japan's barriers against US cars so significant and, in the process, provides the major impetus for the current attempt to break them down.

That most Australians probably find this hard to understand not only reflects a different historical relationship with Japan but, more important, the realities of our own trade relations. These are dominated by a large trade surplus generated by raw material exports, in particular coal and iron ore, none of which confront large Japanese trade barriers. While we are not unaffected by Japan's barriers to manufactured goods, the impact of these on us is small compared with their impact on the US.

In this area Japan has used every trick in the protectionist book. In the case of cars the barriers, beside the more obvious ones, include restrictive dealership agreements which limit an importer's ability to get cars to the buying public, together with complex safety and environmental regulations which restrict the availability of imported parts.

It is these barriers which go a long way towards explaining why US car manufacturers have, until recently made only a limited effort to ensure their products were modified so as to maximise their prospect of breaking into the Japanese market. Faced with a complex array of trade barriers, and with a huge market at home, US car makers had more to gain by remaining focused on their home market. The success of Japan in attacking that market, however, has forced them to change their stance.

At the centre of this change is the threat, after 20 months of talks, to impose 100 per cent punitative [word as published] tariffs on 13 Japanese luxury car models, estimated to cost Japanese car makers $5.9 billion a year, unless Japanese markets are opened to US cars by the end of next month.

This threat has been combined with a move to challenge Japan's restrictions on imports of car parts in the World Trade Organisation [WTO], an initiative which has been countered by a Japanese threat to ask the WTO to rule on the legality of the US luxury car tariff.

It appears likely that such a challenge by Japan would succeed. There is, however, also a real possibility that the US would be able to convince the WTO to require Japan to lower its import restrictions, an outcome which would have the potential to benefit Australia.

This is because any WTO action would require Japan to open its doors to all exporters, not just US car makers. Such a development would raise the possibility of Australia being able to expand beyond the tiny automotive beachhead it has established in Japan. Although growing rapidly, our car exports to Japan are running at present at less than $200 million a year.

Yet the chance of this hope becoming a reality is fairly slim. Instead it is much more likely that, after a few more weeks of bellicose posturing by both the US and Japan, a deal will be struck without the WTO becoming formally involved. The result for Australia could be the worst of all possible outcomes.

Far from getting improved access to the Japanese market, thanks to WTO intervention, a deal between the US and Japan would be likely to give the former concessions in the form of preferential treatment. Third parties, such as Australia, would be the ones left paying a significant part of the price.

While it is important that the dispute doesn't become so serious as to threaten defence ties between the US and Japan, this is one trade battle where a compromise is not necessarily in Australia's best interest.

Developing Links Between ARF, APEC

BK0306131095 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 23 May 95 p 21

[Article by Jenelle Bonnor, Asia liaison officer at the Australian National University: "Asian Forum's Slow Progress"]

[FBIS Transcribed Text] The Federal Government and its senior bureaucrats are hoping that the ASEAN Regional Forum (ARF) which is hosting a meeting of government officials in Brunei, will yield valuable dividends in the longer term.

The ARF, which held its first ministerial meeting last year, is the region's fledging security body. Yet the forum is already in danger of stalling because of an apparent lack of progress. It runs the risk of becoming little more than another regional "talk shop".

While the Asia-Pacific Economic Cooperation (APEC) forum can be criticised on similar grounds, it has been comparatively more successful as a model of regionalism. To rebuild momentum, ARF needs to seek to develop links with the APEC process. By doing this, ARF will not have to re-learn all the lessons the APEC has had to deal with over the past six years.

Although largely unacknowledged, APEC has played a role in underpinning regional security and stability since its inception in 1989.

APEC has contributed to confidence-building in the Asia-Pacific region by helping to create processes for regular exchanges of views, engaging the region's major powers, and by providing opportunities for security concerns to be discussed in the background to APEC's main agenda. Although APEC's agenda has considerably broadened during the years of its existence, it is unlikely that security issues will become an explicit part of APEC's deliberations. Hints from Australia and the United States in the past year that APEC could have a greater security role than previously acknowledged have not been welcomed by many Asian States. The regional preference is for security dialogue to take place in parallel to economic dialogue. The development of links between APEC and ARF may be a useful way for ARF to gain from the lessons APEC has learnt and the confidence it has built.

APEC has also contributed to regional security by helping to develop a distinct regional approach to problem-solving, an approach that the ARF should draw on to increase its chances of successful security co-operation. There are seven fundamentals to APEC's approach to regional co-operation: incremental processes; consensus-based decisions; unstructured and non-bureaucratic arrangements; a focus on issues of benefit to all in the region; inclusion of all significant regional players; annual rotating leadership; and regular high-level meetings of regional leaders. ARF is starting to adopt at least some of these basics, although it is probably the complete combination of characteristics that makes this APEC template useful.

In a paper titled "APEC and Security", to be published shortly by the Australian Defence Studies Centre, I put four proposals to examine and develop links between APEC and ARF. First, a relatively non-threatening method of doing this would be through "Track Two" or non-official diplomacy. Both APEC and now the ARF have relied on "Track Two" academic organisations for back-up, research and ideas generation. In APEC's case, it has relied on the Pacific Economic Cooperation Council (PECC). The Council for Security Cooperation in Asia-Pacific (CSCAP) plays a similar role with respect to ARF. A combined PECC-CSCAP study could consider the potential of links and would be compatible with the regional preference for consensus- building action.

Alternatively, as part of ARF's consideration of comprehensive security — which includes economic and social issues as well as traditional security concerns — ARF senior officials could examine the contribution APEC might make to ARF's development and work out mechanisms for dialogue between the two. From the opposite angle, as part of the APEC Eminent Persons Group current review of interrelationships between sub-regional arrangements APEC itself could explore its contribution to regional security and acknowledge the importance of being informed of, and contributing to, security matters in the region.

The fourth option is to convene a regional leaders meeting on security co-operation and the complementarities of APEC and ARF. No doubt this would he difficult to achieve. Security is a sensitive issue in a region with a diversity of interests and a number of potential flashpoints. However, a year ago few would have believed it possible that the Asia-Pacific region would commit to a vision of free trade by 2020, as happened at the APEC Bogor meeting. As long as the focus was to achieve consensus on broad regional security aims and principles, rather than discussion of specific bilateral disputes, the leaders meeting could have a valuable galvanising effect on regional security co-operation.

Malaysia Pressures Keating's Asian Strategy

BK0206143395 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 18 May 95 p 15

[Article by Fred Brenchley: "Malaysian Blackball Puts Pressure on Keating"]

[FBIS Transcribed Text] Australia is heading into another confrontation with Malaysia, with Europe caught in the middle. The difference this time is that it is the Prime Minister, Paul Keating, who is the recalcitrant.

This is not an argument Mr Keating wants to have. Malaysia's private and public rebuff to Australia as a participant in next year's Asia-EU [European Union] summit calls into question the Keating Government's entire Asian strategy. Is Australia really part of Asia? Mr Keating himself says that while Australia is not Asian it is part of Asia, and has energetically pushed Canberra's role in the Asia Pacific Economic Co-operation [APEC] forum to demonstrate its credentials.

His Foreign Minister, Gareth Evans, has gone to great lengths to align Australia with East Asia, as the area stretching from Indonesia to Korea is loosely called.

Australia's international business hubbing pitch, aimed to attract the headquarters of multinationals to locate in Australia, hinges on this Asian association. APEC is very much the forum for Australia to portray itself as a middle-ranking Asian power, not a leftover from European colonialism.

Malaysia's Prime Minister, Dr Mahathir, ever keen to take offence at remarks of others, would be more than aware that his Government's exclusion of Australia from the proposed EU dialogue is a serious embarrassment to Keating's Asian strategy. Keating has gone out on a far limb in Australia to push the country into Asia.

Consider what Malaysia has done, and where it fits on the Richter scale of diplomatic insults compared with Malaysia's own umbrage at Keating calling Mahathir recalcitrant for not attending an APEC summit.

At a meeting of Asian officials in Singapore early this month, Australia believed it had the numbers to gain a seat at the table for the EU-Asia summit early next year. It did. But the single objector, Malaysia, was enough to sink Australia's hopes as the decision on attendees was by consensus.

In London on Monday, Malaysia's Trade and Industry Minister, Dato Seri Rafidah Aziz, went public. Ms Rafidah told the Royal Institute of International Affairs that Australia was fine for trade and investment but couldn't be part of the Asian club because it was not Asian.

Ms Rafidah really rubbed it in, using language unworthy of any ally, particularly one Australia stuck out its neck for in the dark days of Sukarno's confrontation with Kuala Lumpur. She likened Australia's situation to the Royal Institute's Chatham House membership, which didn't admit "any Tom, Dick or Harry" either. At another point, she used the analogy of Turkey trying to get into the EU.

Malaysia's line on Australia being out of the Asian club is a fairly standard one. The difference this time is that it is not being used to exclude Australia from Dr Mahathir's East Asian Economic Caucus concept, irreverently known on the diplomatic circuit as East Asian Excluding Caucasians.

Malaysia's blackball is pushing Canberra out of the critical EU- Asia dialogue. The EU in Brussels is anxious for such a dialogue. Europe worries about "missing out" in Asia, and sees regular summits as the missing third leg of the global triangle between Europe, North America and Asia.

What can Australia do about it? Some might adopt the Groucho Marx line about club membership and walk away from the whole issue. But given the importance of Keating's Australian positioning as "part of" Asia, this is not an option.

Australia, being the sort of country it is, is quietly lobbying to reverse the Malaysian blackball, and wondering whether Mahathir has a price. "What does Mahathir really want" is a question which has puzzled Australian, British and American diplomats as they ponder successive tiffs.

Some say Mahathir is still wounded from the last-minute cancellation of a travel grant to Australia when a junior politician, others that it is all about forcing Australia to bow to Malaysia's version of "Asian values". One British diplomat simply puts it all down to one issue — race.

Whatever Mahathir's "price" (assuming it is not just a racial issue) Australia would be best advised not to pay it. Quiet lobbying of Asian capitals will eventually expose Mahathir's intransigence.

Australia knows from the Singapore vote that most if not all the important players are on side. And even Ms Rafidah conceded that "if the rest of Asia feels Australia and New Zealand is so Asian (we) should not exclude them, why not?". There is, however, one avenue of direct action Australia can take. Not in Asia, but in Europe. Australia can set about convincing the EU that it is part of Asia.

At present, the EU defines "Asia" as extending from Mongolia through to the Indonesian border with Australia. It handles Australia in a group of ex-British colonies and Pacific countries, including South Africa. Paradoxically, Australia's positioning in Brussels as outside its own defined Asian region is a reflection of the fact that Canberra has been devoting so much of its resources to Asia that Brussels has taken a back seat.

Keating is moving to upgrade Australia's dialogue with Brussels, seeking formation of a "framework agreement" covering existing relations while embracing new areas such as competition policy, education and customs. This is a positive move, but Australia needs to gather sufficient clout to move itself into Brussels' Asian focus when it deals with Canberra.

This will not automatically put Australia at the table of the EU- Asia dialogue as the summit is an Asian, not an EU request. But it will start painting Australia as part of Asia in the eyes of third parties.

While Canberra may feel slighted by Malaysia's black-ball for the summit with the EU, such events should be kept in perspective. Brussels is keen for a summit, but some individual European countries believe it will be little more than a flag-waving exercise.

One British diplomat believes the Foreign Office will have great trouble persuading John Major to even attend. Undoubtedly Malaysia would take that as another slight.

Article Views Evans' Recent Visit to India

BK0306104595 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 22 May 95 p 9

[Article by John Fernandez: "India Supports Stronger Regional Structure"]

[FBIS Transcribed Text] In his first major talks on an eight- nation swing around the Indian Ocean, the Foreign Minister, Senator Gareth Evans, has been assured of India's further support for Australia's initiative to build a regional co-operation framework for the 37 or so countries in this region.

During talks in New Delhi on Friday and Saturday [19 and 20 May] with India's Prime Minister, Mr Narasimha Rao, and External Affairs Minister, Mr Pranab Mukherjee, he was told India would send a high-level official to a conference of Indian Ocean rim countries in Perth next month.

The meeting, on June 12-13, is for government, academic and business representatives to discuss possible avenues of co- operation, including trade, maritime resources and security.

It follows a preliminary meeting in Mauritius in March of officials from Australia, India South Africa, Oman, Kenya, Mauritius and Singapore.

"The emergence of regionalism in the Indian Ocean would certainly not be before time," Senator Evans said. "Nor would (it) be in any sense unusual, judged against developments in other regions around the world."

The high-level reception accorded Senator Evans on his first visit in several years indicates New Delhi's irritation with Canberra over the sale of ex-RAAF [Royal Australian Air Force] Mirage fighters to Pakistan in 1989 and its alleged trumpeting of an emerging threat from India's "blue water" navy has waned greatly.

With India now more attuned to economic diplomacy, it sees Australia as a key player in the Asia Pacific Economic Co-operation grouping which it would like to join as soon as possible.

Both Mr Rao and Mr Mukherjee asked for Australia's support for India's membership, as soon as the present three-year freeze on admissions ends in November 1996.

India, however, has a more cautious view of the Indian Ocean grouping than Australia. It is reluctant to have security issues discussed too openly, as this would play up highly sensitive shifts in India's strategic posture, underlined by exercises between the Indian Navy and US forces (including a nuclear-powered submarine) off Goa earlier this month.

In addition, it fears a security debate would give Pakistan another forum in which to berate India over unrest in Kashmir.

Senator Evans flew on to Islamabad from Delhi to test Pakistan's interest in the Perth meeting.

New Delhi is meanwhile keen to pursue bilateral defence ties with Australia, Senator Evans was told.

The RAN [Royal Australian Navy] was invited to take part in a new multilateral exercise India is planning in the Andaman Sea later this year, after two previous ship visits and joint drills at sea.

Senator Evans said the Perth meeting, known as the International Forum on the Indian Ocean Region, was intended to open a dialogue without necessarily making assumptions about the end product.

Troops 'Might' Join UN 'Ready Reaction Force'

BK0206024995 Hong Kong AFP in English 0245 GMT 2 Jun 95

[FBIS Transcribed Excerpt] Wellington, June 2 (AFP) — New Zealand troops in Bosnia might join a multinational "ready reaction force" as a result of threats to United Nations peacekeepers, Prime Minister Jim Bolger said Friday.

New Zealand was seeking more information about what role the troops would have to play in a regrouped force, he said.

"There's a proposal that there should be what's termed a ready reaction force... a multinational force that would be able to react somewhat more vigorously or firmly in certain circumstances," he told Radio New Zealand.

"The idea is being developed in response to some of the difficulties of recent weeks and at the present time we've said yes, we're prepared to work our way through that but we haven't given any final decision..."

"It may have to be firmer in getting people out of difficult situations and those sorts of things."

Bolger said he was waiting for more information about how active a combat role would be required of New Zealand forces before any decision would be made.

"We're not just rushing in macho-like."

Most of New Zealand's 250 peacekeepers in former Yugoslavia are stationed away from trouble spots. [passage omitted]